Battle for Perrier
Tribal loyalties on the line
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Bangkok chokes on its success
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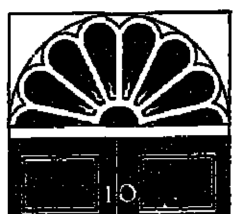

FINANCIAL TIMES

Wednesday March 25 1992 | EUROPE'S BUSINESS NEWSPAPER | D 8523A

UN sets Libya deadline on bomb suspects

Libya was yesterday given 24 hours by United Nations secretary-general Boutros Boutros Ghali to supply a written commitment to surrender the alleged Lockerbie bombers to Britain or the US. Britain, the US and France have said they will not push through a UN resolution calling for sanctions against Libya until Tripoli has replied. Page 16

How Lloyds-Midland deal was blocked: A merger between the two UK clearing banks, Lloyds and Midland, was ruled out when Midland chief executive Brian Pearse threatened to resign only hours before the announcement of the merger talks was to have been made. Page 17; Lex, Page 16

Cathay Pacific Airways, international airline subsidiary of Hong Kong's Swire Pacific group, exceeded market expectations with a second-half recovery helping it to record net profit for the full year of HK$2.85bn (US$380m), only fractionally below the 1990 figure. Page 18

No laughing matter: An American publisher has expressed interest in buying Punch, the 150-year-old British satirical magazine. Its owner has said the magazine will close next month unless a buyer is found. Page 16

Russians off course: The Russian government looks as though it will fail to meet nearly all its budgetary targets for the first quarter with reports pointing to a budget deficit of Rbs84bn. An opinion poll in Izvestia showed that trust in the government and its reforms has fallen with only one-third of Muscovites questioned believing President Boris Yeltsin (above) would pursue reforms which would improve living standards. Page 16; Ukraine approves currency plan, Page 2

Poll setback for Roh: South Korean voters handed President Roh Tae-woo a stunning electoral setback, stripping his Democratic Liberal party of its parliamentary majority, according to state television projections. Page 4

Hoechst, German chemical group, warned that there had been no sign of an upturn during the first two months of 1992. Group sales rose 3 per cent in this period compared with the same period last year, but more than half this increase was due to an improved dollar exchange rate. Page 19

Boost for Halifax: Tight control of costs was largely responsible for a 6 per cent rise to £628m ($1.09bn) in pre-tax profits at Halifax Building Society, the largest UK mortgage lender, in the year to January 31 1992. Page 23

Setback for Italian state banks: Banca Commerciale Italiana and Credito Italiano, public-sector banks owned by Italy's IRI state holding company, both reported sharp falls in profits last year owing to heavy investments, higher taxation and non-recurrence of extraordinary items. Page 20

Virgin wins South Africa route: Virgin Atlantic plans to start flying from London to Johannesburg before the end of the year in a move signalling South Africa's intentions to adopt an "open skies" airline policy. Page 4

Kurdish protests in Germany: About 300 Kurds demonstrating against action by security forces against Kurdish rebels in Turkey occupied the North Rhine-Westphalia state parliament for 30 minutes before leaving peacefully. Earlier a Turkish bank in Wiesbaden was firebombed.

Petrol prices slashed: Saudi Arabia, already one of the cheapest places in the world to fill up a car, *has slashed domestic petrol prices* by 37 per cent to 8.6 cents a litre. Page 4

McDonnell Douglas stake: A study of the proposed acquisition by Taiwan Aerospace of a large stake in the commercial aircraft operations of McDonnell Douglas of the US are expected to be known by the middle of April. Page 5

Senegal explosion: More than 60 people were reported to have been killed when a tank containing ammonia exploded at a peanut-processing factory on the outskirts of Senegal's capital, Dakar.

US recognises Georgia: The United States is to open diplomatic relations with Georgia, the last of the 12 former Soviet republics to gain American recognition.

Atlantis in space: The US space shuttle Atlantis was launched on an eight-day mission to study the Earth's atmosphere with a crew that included the first Belgian astronaut. Picture, Page 16

US CLOSING RATES		
Federal Funds:	3⅞%	(3 15/16)
3-mo Treas Bills: Yld	4.138%	(4.168)
Long Bond	100⅜	(99⅞)
Yield	7.946%	(8.029)
LONDON MONEY		
3-mo Interbank	10⅝%	(10⅝%)
Liffe long gilt future:	Jun 94⅜	(Jun 94⅛)
STOCK INDICES		
FT-SE 100: Yield	5.02	
	2,458.7	(+17.7)
FT-SE Eurotrack 100	1,142.89	(+0.53)
FT-All Share	1,180.46	(+0.6%)
FT-A World Index	138.58	(-0.1%)
Nikkei	19,891.57	(−346.03)
New York:		
Dow Jones Ind Ave	3,280.98	(−11.18)
S&P Composite	408.88	(−1.03)
NORTH SEA OIL (Argus)		
Brent 15-day (Mar)	$17.80	(17.725)
Gold		
New York Comex Apr	$353.1	(353.1)
London	$338.5	(339.0)

STERLING		
New York:		
$	1.7195	(1.719)
London:		
$	1.72	(1.715)
DM	2.8625	(2.865)
FFr	9.705	(9.71)
SFr	2.595	(same)
Y	230.0	(229.25)
£ Index	90.0	(same)
DOLLAR		
New York:		
DM	1.66375	(1.66665)
FFr	5.6435	(5.655)
SFr	1.5135	(1.516)
Y	133.55	(133.425)
London:		
DM	1.664	(1.67)
FFr	5.6425	(5.6625)
SFr	1.514	(1.5165)
Y	133.7	(same)
$ Index	65.4	(65.3)
Tokyo close Y 133.9		

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es180		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

Perrier battle ends with something for everyone

By Alice Rawsthorn in Paris

ONE of Europe's most tortuous corporate sagas came to a close yesterday when Nestlé, the powerful Swiss food group, disclosed the details of its agreement with the Agnelli family of Italy to take control of Perrier in a deal worth FFr15.46bn ($2.76bn).

"Reason has prevailed," said Mr Reto Domeniconi who, as director-general of Nestlé, led the fight against the Agnellis for control of Perrier, the famous French mineral water. "We have a clear, comprehensive agreement," he continued. "Everyone has ended up with something. There are no losers in this affair."

Mr Domeniconi could easily afford such magnanimity given that Nestlé has ended up with exactly what it wanted from the Perrier battle, namely the eponymous mineral water.

The Agnellis, who found themselves pitted against the full force of the French financial establishment, have suffered a *serious setback in their attempts to expand in France.*

Nestlé has been pursuing Perrier on the Paris bourse and through the French courts ever since it fired the first salvo with a FFr13.42bn bid, made with Indosuez, the French bank belonging to the Suez industrial group.

Under the terms of the agreement, finalised in the early hours of Monday morning, Nestlé and Indosuez will increase their offer for Perrier from FFr1,475 to FFr1,700 a share. Exor, the French property company that controls Perrier, has promised to support the new offer. Ifint, an Agnelli vehicle, is the biggest single shareholder in Exor for which it has launched a FFr5.6bn bid.

The Agnellis will emerge with a substantial cash profit *estimated at over FFr1bn on Exor's* Perrier shares. They will also keep Exor's property interests, believed to be worth around FFr3bn, and Château Margaux, the French vineyard.

Meanwhile, BSN, the French food group which turned against its old allies, the Agnellis, to side with Nestlé, its chief domestic competitor, will drop its FFr6bn counter-bid for Exor. Instead it will join forces with the Agnellis – as a 10 per cent partner – in a new bid for Exor, the terms of which have not yet been decided. BSN will then buy Volvic, one of *the Perrier waters, from Nestlé* under the terms of a previous agreement.

"We have all got what we wanted," said Mr Domeniconi, not entirely successfully attempting to play down the acrimonious aspects of the affair. "There are often misunderstandings in episodes like this but all the parties maintained a dialogue throughout. There is certainly no antagonism between us."

However, there is still a chance that the stormy saga could continue for yet another chapter. The European Commission is *now approaching the end of its* preliminary inquiry into Nestlé's bid and has until tomorrow to decide whether or not to mount an in-depth investigation.

"Such an investigation would involve freezing the bid for four months," Mr Domeniconi said. "And given that this affair is so very complex we have to assume that the *Commission may well* decide to do that."

Feature, Page 14

O&Y shake-up at top as debts exceed $20bn

By Robert Peston and Vanessa Houlder in London

OLYMPIA & YORK, the world's biggest property developer, last night announced a management shake-up and the appointment of financial advisers to guide it through the reorganisation of its borrowings, which an executive close to the group said was "in excess of $20bn".

Mr Paul Reichmann, O&Y's chief operating officer, said Mr Tom Johnson, former president of Manufacturers Hanover, the US bank, had been appointed as president of Olympia and York Developments, O&Y's main property subsidiary.

He also said JP Morgan, the US bank, and James D Wolfensohn, the corporate finance advisory firm, had been appointed to advise O&Y on its negotiations with banks to ease financial pressure by restructuring its debt.

Mr Steven Miller of Wolfensohn will work closely with O&Y. Mr Miller was a vice chairman of Chrysler where he carried out a reconstruction of the US automotive manufacturer.

However, bankers said yesterday that the reconstruction of O&Y's balance sheet had less in common with Chrysler reorganisation than with rescheduling negotiations held in the 1980s with Latin American countries.

The banks are forming their own steering committee to handle negotiations with O&Y. Bankers said that Canadian Imperial Bank of Commerce would head the steering committee.

O&Y has also formed a planning committee to manage the negotiations with the banks. This will not be chaired by either of the Reichmann brothers, who own O&Y. Mr Johnson will be chairman. Another member will be Mr Michael Dennis, who is in charge of O&Y's Canary Wharf project in London's docklands, which is the biggest development of new offices in Europe.

"Mr Dennis's appointment demonstrates the continuing commitment of O&Y to Canary Wharf," said an executive. "It scotches any suggestion that O&Y is going to pull out of Canary Wharf."

It also emerged yesterday that the future of an extension of London's underground railway to docklands has been thrown into doubt by O&Y's financial difficulties. It became known that O&Y had not yet signed the agreement to contribute £400m to the £1.3bn ($2.2bn) Jubilee Line project, which was agreed in principle in 1989.

"You won't find the banks building the Jubilee Line," said a banker who has a close relationship with the Canadian company. "O&Y made a commitment to the government that it would fund the construction. But that had nothing to do with the banks."

However, he said there would be detailed discussions between the banks, O&Y and the government about how to finance the underground railway line.

O&Y is due to make its first contribution to the Jubilee Line extension, of £40m, at the end of this month with another £60m due at the end of March 1993. The balance is not due to be paid until the construction of the extension is complete in 1996.

A meeting took place two days ago between Mr Dennis, Mr Wilfred Newton, chairman of London Regional Transport, and civil servants to discuss the Jubilee Line agreement. O&Y said negotiations were continuing.

It also emerged that O&Y is planning to put pressure on the UK government to move ministerial departments to Canary Wharf to improve the project's viability. However, there is little the company can do to persuade the government to take action at the moment, with the UK election only a fortnight away.

The doubts over O&Y's ability to finance its contribution is likely to reignite political controversy about the project. The Conservative government was accused of favouring the Jubilee Line over other more attractive projects because of the private sector contribution.

Campaign pause: British prime minister John Major on the election trail in the north of England. Opinion polls show the the opposition Labour party in the lead. Report, Page 16

Prospect of German rate cut recedes

By Andrew Fisher in Frankfurt

THE PROSPECT of an early cut in Germany's official interest rates receded further yesterday with news that money supply growth last month was still far higher than the Bundesbank's target.

The central bank said that M3, the broad monetary aggregate, expanded at a seasonally adjusted annual rate of 8.5 per cent compared with the average in the fourth quarter of 1991.

This was a slight decline on the 9 per cent rate in January, but economists said that M3 expansion was still too high to allow the Bundesbank any scope for relaxing monetary controls. The target range for this year is an increase of between 3.5 and 5.5 per cent.

The Bundesbank lifted interest rates by an unexpectedly high 0.5 percentage points in December to leave the discount rate at 8 per cent and the Lombard rate at 9.75 per cent.

Chancellor Helmut Kohl is understood to have backed the Bundesbank's tough monetary line – which also reflects its concern over present inflation rates and high wage claims – when he attended its council meeting last Thursday for the first time in *four years.*

There had been earlier expectations in financial markets that the Bundesbank might be ready

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Russian nuclear leak revives reactor fears

By John Lloyd in Moscow

Debate over scrapping reactors revived.........Page 2
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FEARS over the safety of nuclear reactors in the former Soviet Union were revived yesterday following a leak of radiation from a Russian nuclear power station at Sosnovy Bor, 60 miles west of St Petersburg.

The leak initially registered three on the seven-point scale of seriousness devised by the International Atomic Energy Agency (IAEA) to classify nuclear accidents. The 1986 Chernobyl explosion was registered at level seven.

The state nuclear inspectorate, Gosatomnadzor, said radioactive iodine and inert gases leaked into the reactor's machine room early yesterday and had been transmitted by the ventilation system into the outside atmosphere.

The agency said an emergency control system immediately came into operation and the stricken reactor had then been closed and was being cooled.

There were conflicting reports about the significance of the accident. Mr Yuri Rogozhin of Gosatomnadzor said the "degree of the incident is serious, with possible consequences for the environment and the population".

But there was "no comparison" between the incident and the *Chernobyl disaster, although the* Sosnovy Bor reactor was of the same type as that at Chernobyl.

Mr Sergei Galkin, deputy chief engineer at Sosnovy Bor in charge of safety, told the official news agency ITAR-TASS that the leak of radioactive gases "did not exceed the sanitary norms for nuclear power installations".

Nuclear safety organisations in Sweden and Finland said there had been no rise in radioactive levels on their monitors.

Mr Matti Vuorinen, head of the Finnish Centre for Radiation and Nuclear Safety, said the leaks appeared to pose no threat to local residents, or to the environment.

Despite the assurances, western governments and environmentalists expressed concern over safety standards for reactors in the former Soviet Union and renewed calls for unsafe plants to be shut down.

The incident also highlighted concern, especially in neighbouring countries, over the future of ageing reactors kept in service in republics which have no alternative sources of power – especially at a time of falling supplies of oil, gas and coal.

Mr Carl Bildt, the Swedish prime minister, said the government viewed the incident "with the greatest concern", adding that he had recently expressed worries about the Sosnovy Bor reactor.

Swedish inspectors who visited Sosnovy Bor in January noted that two of its four reactors lacked safety fixtures to prevent radiation leaks.

Germany renewed its call for the closure of all Chernobyl-type RBMK nuclear reactors in the former Soviet Union.

The Chernobyl accident killed 31 people, led to the evacuation of hundreds of thousands of people and left a similar number suffering from the effects of radiation.

Mr Klaus Toepfer, German environment minister, said yesterday's leak showed there was no alternative to shutting down all 16 plants powered by Soviet-designed RBMK reactors in Russia, Ukraine and Lithuania. The plants account for half of all the nuclear power produced in the former Soviet Union.

"We remain convinced that the RBMK reactors cannot be re-equipped and that they must be switched off as soon as at all possible," he told a news conference.

Mr Alan Johnson, chairman of the British Nuclear Task Force, said recently that adequate containment zones had still not been built round the RBMK reactors, and that "there is still good cause to be concerned".

CONTENTS

CSCE decides urgent action on Karabakh

By Robert Mauthner in Helsinki

THE 51-nation Conference on Security and Co-operation in Europe will organise a special conference "as soon as possible" to sponsor a peace settlement in the war-torn Trans-Caucasian enclave of Nagorno-Karabakh, the subject of a bitter dispute between the former Soviet republics of Armenia and Azerbaijan.

Foreign ministers from the member countries, meeting to decide on the future role of the CSCE following the end of the cold war in Europe, mandated Mr Jiri Dienstbier, the Czechoslovakian foreign minister, to visit the region at the end of this month to try to establish a ceasefire between the two warring parties.

The chairman of the conference, which is to be held in Minsk, the Belarus capital, will be chosen by Mr Dienstbier, the current president of the CSCE. Several names have been mentioned so far, including that of Sir Geoffrey Howe, the British former foreign secretary. The 10 CSCE member countries to participate in the conference will be the US, Russia, Turkey, Germany, France, Italy, Czechoslovakia, Sweden, Armenia and Azerbaijan.

A dispute between Armenia and Azerbaijan over what status Nagorno-Karabakh should have in the conference was finally resolved by an agreement that the chairman of the special conference in Minsk would have the last word on the subject. Azerbaijan originally wanted representatives of the enclave to be part of its own delegation, while Armenia wanted them to report to the conference in their own right.

The membership of the CSCE, which opened its fourth "Helsinki Follow-up Conference" at ministerial level, was increased from 48 to 51 by the formal admission of Croatia, Slovenia and Georgia.

Croatia and Slovenia used to have only observer status, while the recent civil war in Georgia had prevented it becoming a member when the other former Soviet republics were admitted as independent states.

The need to strengthen the CSCE's capacity to deal with the regional and ethnic conflicts which are likely to continue to be a feature of the European landscape were underlined by all the participants. Some, like Mr Hans-Dietrich Genscher, German foreign minister, would like the CSCE to have wider conflict management and peace-keeping powers than others.

Mr Genscher, however, proposed both institutional changes, such as setting up a six or seven-member steering committee to render decision-making less unwieldy in dealing with specific conflicts, and the creation of special CSCE peace-keeping forces.

His suggestions went considerably further than those of other members – including notably the US, UK, Russia and the Netherlands – which do not want to give the CSCE a specifically military role but favour the use, at the request of the CSCE, of peace-keeping troops furnished by organisations such as Nato and the nine-nation Western European Union.

Lord Caithness, minister of state at the UK Foreign Office, warned against the CSCE being given tasks beyond its capacities.

By contrast, Mr Roland Dumas, the French foreign minister, proposed upgrading the 1975 Helsinki Final Act, which gave birth to the CSCE, and transforming it into a "security treaty".

Mr Dumas stressed that France was not proposing a mutual defence pact of the kind that already existed. "We would merely like the CSCE members to be able to refer to security norms having the authority of a treaty."

The former Cold War enemies yesterday signed a treaty allowing flights over each other's territories to gather information, Reuter reports from Helsinki.

The "open skies" treaty, signed by the US, Russia and other members of Nato and the defunct Warsaw Pact, allows signatories to make surveillance flights. The foreign ministers of Russia, Ukraine and Belarus signed the pact in place of the former Soviet Union. Georgia, which had not initialled the treaty, nevertheless signed in its first act as a CSCE member state, bringing the total of signatories to 25.

Nato concern at pull-out

NATO, worried about strains on its vital trans-Atlantic ties, will ask Canada to drop plans to withdraw all its troops from Europe, alliance sources say, Reuter reports from Brussels.

The sources told Reuter that an internal report about to be presented to Canada criticises the decision, announced last month, to bring home all its forces by 1994. "We are asking Ottawa to reconsider and saying that, if it cannot do so, it should agree to assign certain home-based forces to the defence of Europe in case of crisis."

Canada has about 7,000 troops in Europe. Ottawa had planned to reduce their number to 1,100 by the end of 1994.

Azeris are on move towards war footing

AZERBAIJAN, rocked by setbacks in its fight with Armenia, moved yesterday towards putting itself on a war footing to retake the disputed enclave of Nagorno-Karabakh, Reuter reports from Baku.

Azerbaijan's new leadership, backed by the nationalist opposition, told an emergency session of parliament that only militarising the entire society could reverse the republic's declining fortunes inside Nagorno-Karabakh.

It demanded special powers to subordinate industrial production and fiscal policy in the former Soviet republic of 7m people to the creation of a 20,000-man army capable of re-establishing control over the predominantly Armenian-populated enclave.

"All plants and enterprises must go on to a military regime," the acting president, Mr Yagub Mamedov, told legislators. "We must be strict and demand discipline in the republic. This is the only way to repel the aggressors." The ministers of defence and interior affairs echoed that call. Others sounded the alarm for a witchhunt, demanding the names of officials responsible for recent setbacks in the field.

"No state in which there is no discipline can win a war. All the mechanisms of state must work for victory," said Mr Tair Aliyev, the interior minister, a former deputy police chief in Nagorno-Karabakh.

Parliament was later to consider a proposal by the opposition Popular Front to abolish the presidency and create a coalition government with the former communists. Under the plan, security policy would be completely in the Front's hands.

Mr Mamedov said talk of military preparations did not mean Azerbaijan was insisting on a military solution. Iran, Turkey, the United Nations and other international bodies are pursuing a political settlement.

But the message from the provisional government was clear. Any talks had to be held from a position of strength. "We must all concentrate on the creation of a national army. Now, this is question number one," Mr Mamedov said.

His predecessor was forced out largely for failing to create an adequate armed force capable of protecting the Azeri minority in Nagorno-Karabakh.

That policy exploded last month with the capture by Armenian irregulars of the strategic Azeri-populated town of Khojaly. Baku says more than 1,000 Azeri civilians were slaughtered, a charge Armenia dismisses as wildly exaggerated.

Whatever the number, it is clear that Mamedov and his allies are determined not to make the same mistake.

Russian military cadets carrying refreshments to some French army cadets who were on a visit to their base in Noginsk yesterday

Leak reawakens debate: improve old plants or scrap them?

Closure of Soviet reactors urged

By Juliet Sychrava

THE RADIATION leak at Sosnovy Bor nuclear station near St Petersburg yesterday has brought fresh calls for the urgent closure of the former Soviet Union's ageing nuclear power stations.

But it will also re-ignite the row between the nuclear industry, which wants to spend more on upgrading the stations, and environmentalists, who want to see them close.

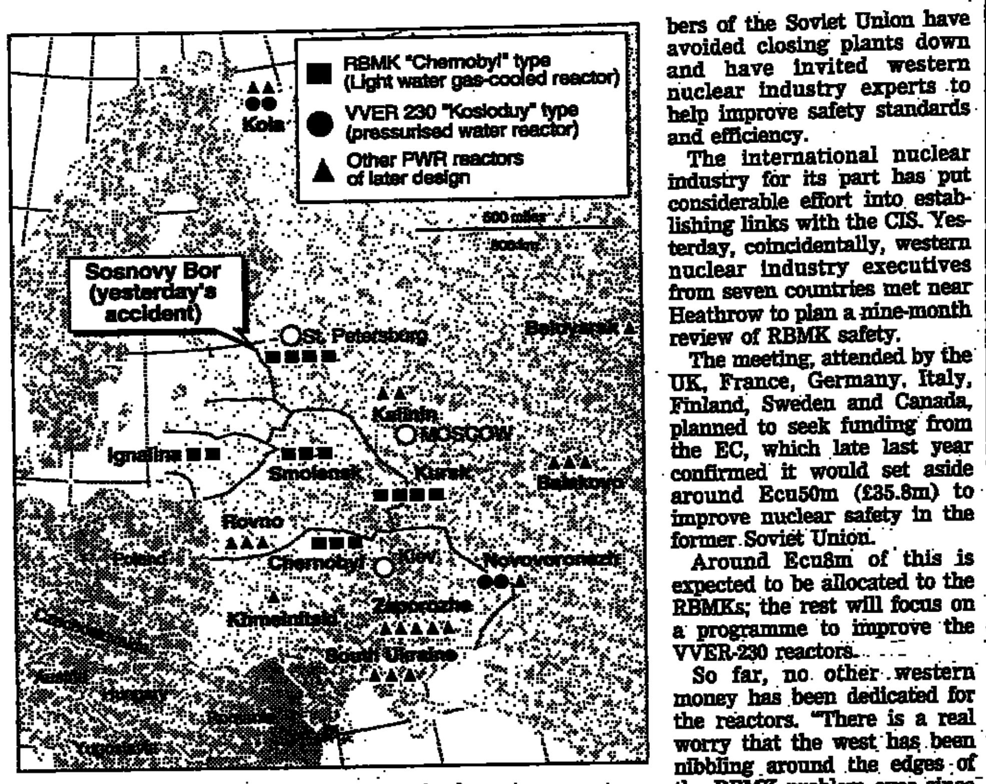
"Western aid is being directed to patching up and bolting on gizmos, rather than developing alternative systems," said Mr Simon Roberts of the environmental group Friends of the Earth.

But Dr John Gittus, of the British Nuclear Forum, said thousands would die of hypothermia if the former Soviet Union's nuclear stations, which supply around 15 per cent of the region's energy, closed.

Both sides agreed however that, six years after the international nuclear accident at Chernobyl, not enough has been done to prevent a repeat of the disaster.

There are conflicting reports as to how much radioactive material has leaked from Sosnovy Bor. At first the state nuclear inspectorate Gosatomnadzor said the leak was "minor". Later it described it as "serious". By last night officials at the plant said the leak was giving "no grounds for concern" and radiation readings had returned to normal, indicating the leak had been contained.

One encouraging factor was that the safety systems were effectively activated, shutting it down before further damage could be done.



The incident was yesterday rated three points on an international scale for grading the seriousness of nuclear accidents. Chernobyl rated the maximum of seven.

The reactors at Chernobyl and Sosnovy Bor were built on the same design. Both are old-style light water gas-cooled reactors, known as RBMKs. The incident will inevitably fuel international fears about possible future accidents at RBMK or other old-style Soviet reactors.

In particular, it will not silence those who believe the 16 RBMKs in the Commonwealth of Independent States (CIS), together with the elderly pressurised water reactors known as VVER 230s, should be shut down.

Germany's environment minister, Mr Klaus Töpfer, said yesterday there was no alternative to switching off all the RBMK reactors. His views were supported by environmental groups in the UK, which have long called for the closure of the plants.

But the price of closure will be high. The republic of Armenia recently closed its one nuclear power station supplying 40 per cent of its energy needs – and now faces a crippling shortage of electricity for heating and industrial needs.

For this reason, former members of the Soviet Union have avoided closing plants down and have invited western nuclear industry experts to help improve safety standards and efficiency.

The international nuclear industry for its part has put considerable effort into establishing links with the CIS. Yesterday, coincidentally, western nuclear industry executives from seven countries met near Heathrow to plan a nine-month review of RBMK safety.

The meeting, attended by the UK, France, Germany, Italy, Finland, Sweden and Canada, planned to seek funding from the EC, which late last year confirmed it would set aside around Ecu50m (£35.8m) to improve nuclear safety in the former Soviet Union.

Around Ecu8m of this is expected to be allocated to the RBMKs; the rest will focus on a programme to improve the VVER-230 reactors.

So far, no other western money has been dedicated for the reactors. "There is a real worry that the west has been nibbling around the edges of the RBMK problem ever since Chernobyl," says Mr George Tyror, of the Atomic Energy Authority, who chaired yesterday's meeting and would head the RBMK initiative.

"The west ought to be ashamed of itself," agreed Lord Marshall, formerly chairman of the Central Electricity Generating Board and now chairman of the World Association of Nuclear Operators.

But cynical observers say the nuclear industry's emphasis on improving rather than closing eastern European stations reflects its ambition to revive its flagging fortunes in the west with construction and maintenance work in the east.

Ukraine approves separate currency plan

By Chrystia Freeland in Kiev

AN ECONOMIC plan calling for the rapid introduction of a separate Ukrainian currency, as a means to break economic ties with Russia, was approved in principle by a wide majority of the Ukrainian parliament yesterday.

However, deputies refused to endorse details of the plan, which they said were poorly thought out.

The decision ended a day of fierce debate in a closed session of parliament, which pitted nationalists and ex-communists against reformers.

Mr Oleksandr Iemelianov, author of the plan, ex-communist and a leading economic policy-maker, told parliament Ukraine could introduce a separate currency at three days' notice and must be prepared to leave the rouble zone the moment Russia liberalised prices for its oil.

Mr Oleksandr Sharov, a government economist and among the reformers, described Mr Iemelianov's claim as "fantastical". A deputy from the New Ukraine liberal pro-reform group described the plan as "national communism" and Mr Volodymyr Hryniov, parliamentary deputy chairman and a reformer, called the compromise decision "very dangerous because it is not now clear what the president will do or who will implement the programme. "If this programme is realised, it will be the equivalent of leaving the Commonwealth of Independent States," Mr Hryniov said.

Mr Viacheslav Chornovil, nationalist western Ukrainian leader, backed the programme because to remain in the Russian monetary system would mean "Russia suffocating us."

Meanwhile, Mr Vadim Hetman was appointed as head of the Ukrainian National Bank. His predecessor, Mr Volodymyr Matvienko, had been criticised for dragging his feet in the introduction of a separate currency.

Mr Hetman emphasised that a separate currency could only be introduced in co-operation with Russia. and called for "constructive dialogue".

Lenin's revenge on the ad men

By Gary Mead, Marketing Correspondent

ONCE there were the privileged *nomenklatura*, the well-off *speculanti*, the herdlike *narod* (people) and the hopeless and hapless *bedalagi* (poor). But then Boris Yeltsin arrived and the Russian class structure went topsy-turvy, utterly ruining the crafty but rather stereotyped marketing plans dreamed up by westerners hoping to make a fast buck.

Russian consumers no longer fit the patterns of yesteryear, according to "The Russian Consumer", a report published yesterday by the international division of the advertising agency DMB&B, which has an outpost in Moscow.

Purveyors of western goods should accustom themselves to new categories. They include:

- The *kuptsi*, or merchant-minded class, who mix self-reliance, hard work and decisiveness with self-centredness, greed, smugness, narrow-mindedness and intolerance. Their preference is to "buy Russian rather than foreign goods" and they are biased against marketing on foreign appeal only.
- The Cossacks, who are as "fiercely Russian" as the *kuptsi* but "hanker after bright western imagery", and given their interest in "brands which are difficult to obtain, unusual, expensive or of high status" hanker after goods which enable them to show off.
- The students, who are guided in their purchases by an idealism which wants "society to be healthy, rich and open for all". The bad news is that they possess "a relatively high aversion to hard work... they are in search of western symbols of prestige - but on the cheap".
- The businessmen, who are less work-shy; indeed they are preoccupied with making money.

They look for products which are easily found ("no time for shopping around") and which have "strong functionality" - the Mercedes is bought because it is thought to be reliable as well as socially prestigious.

- Finally, the Russian souls, "a rather sad group, consisting of people with low material status who are likely to remain so ... they are happy to join a queue without knowing the object". Thus, says the report, "classic marketing techniques are very difficult to apply to Russian souls. The very idea of choice frightens him or her".

"Call these shoes? They wouldn't even last a decade!"

Although many of the categorisations sound rather tongue-in-cheek, DMB&B's study is the result of 18 months research in urban and rural Russia, based on "hundreds of hours of discussions" with bankers, consumers, local and international advertisers and businessmen.

While insisting that western businesses need to shake up their ideas on Russian consumers, the report admits that any hope of mass marketing is still a pipedream. "Markets and consumers do not as yet exist in any real sense in Russia."

The Russian Consumer: a new perspective and a marketing approach. Available from DMB&B Ltd, 2 St James's Square, London SW1Y 4JN. Price £48.50.

Bulgaria unveils austerity budget

BULGARIA unveiled a tough austerity budget yesterday, saying it was tailored to please the World Bank and International Monetary Fund (IMF), Reuter reports from Sofia.

The draft budget, which provoked heated debates in parliament, proposes a deficit of 9.2bn leva (£226.5m) or 4.3 per cent of gross domestic product (GDP).

Last year's budget deficit turned out to be 8.5bn leva, or about 3.9 per cent of GDP. It was originally set at 7.5bn leva.

"The budget has been drawn up in line with the the IMF and World Bank and fulfils their recommendations," the finance minister, Mr Ivan Kostov told parliament.

Bulgaria, whose economy contracted by around 20 to 25 per cent last year, and which is saddled with an $11.5bn foreign debt, needs the approval of the IMF to attract foreign investment and reach agreements with its bank creditors.

The 1992 budget provides for 53.6bn leva of expenditure and 44.4bn leva of revenue. Last year's budget originally set revenue of 63bn leva and expenditure of 70.5bn.

The new budget, the first by a non–communist government for four decades, slashes capital and social security spending.

"The budget is reasonable and consistent with the objectives of the government, which set priority on privatisation and development of the private sector," said Mr Emmanuel Dzervoudakis, the IMF representative in Bulgaria.

The former communist Bulgarian Socialist party protested at the austerity measures.

- The government faced its first crisis on yesterday when miners and oil workers demanding better working conditions threatened to strike against new economic policies.

The Podkrepa trade union warned of strike action after talks with the government broke down over plans to close down or cut production at uranium, zinc, lead and iron ore mines.

"We are protesting against the lack of a government concept for the country's mining industries and failure to fulfil promises given to us last year on better working and pay conditions," a union official, Mr Dimitar Dimov, said.

Coal miners and workers at Bulgaria's largest oil refinery in Burgas on the Blask Sea also threatened to strike.

The industry minister, Mr Ivan Pushkarov, said metal production could survive only with radical restructuring of the industry and drastic manpower cuts. He said the state had spent more than 900m leva recently to cover losses by the mining industry.

In recent years Bulgaria produced an average 105m tonnes of lead annually, but output more than halved to 50m tonnes last year.

Prague cuts discount rate to 9%

THE Czechoslovak State Bank said yesterday it was lowering its discount rate from 9.5 per cent to 9 per cent from today, Reuter reports from Prague.

The bank also abolished the maximum interest rate charged by commercial banks, which has stood at 17 per cent since last October.

Mr Martin Svehla, for the bank, told the official news agency CSTK that the measures were a response to the growing stabilisation of consumer prices and favourable balance of payments.

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Berlin attacks Treuhand over sale of factory

By Leslie Colitt in Berlin

THE Treuhand agency came under fire yesterday from the Berlin city government and union leaders for selling east Germany's largest light bulb factory in east Berlin to a west German property developer.

Mr Norbert Meisner, the head of Berlin's economics department, criticised the Treuhand for seeking to "maximise" short-term profits from yesterday's announced sale of the Narva factory to the Erhard Härtl property company in Bavaria.

Although the price was not disclosed, the Treuhand said it would make a net cash gain of DM2.8m ($1.68m) from the sale. The Social Democratic partner of the Christian Democratic-led coalition government expressed its "outrage" over the sale.

The privatisation agency was also taken to task by the influential German Federation of Industry (BDI). It said that instead of giving liquidity loans and guarantees to former state companies and assuming their losses – all totalling nearly DM40bn this year – the Treuhand should grant clearly-defined start-up aid for a limited time. Although the Treuhand is to be allowed to borrow up to DM38bn annually under a draft law presented to the Bundestag, critics charge that it diverts too much money to cover running expenses of companies and too little to restructuring them.

The Treuhand said Härtl intended to close down the Narva plant (formerly Osram), which lost DM62m last year, and would bring medium-sized producers from southern Germany to a substitute east Berlin property. It will get the site from the Treuhand, which faces possible claims by the city on the original Narva property. Härtl pledged to invest up to DM40m and to employ the remaining 1,080 Narva workers in non-industrial jobs for three years. The Treuhand agreed to assume nearly DM23m in Narva debts.

A Treuhand plan last August to sell Narva to a west Berlin property developer was cancelled under pressure from city officials who said it amounted to a "gift" of prime urban real estate.

Amsterdam votes on the future of the car

A long battle for control of the streets culminates in a referendum today, writes **Ronald van de Krol**

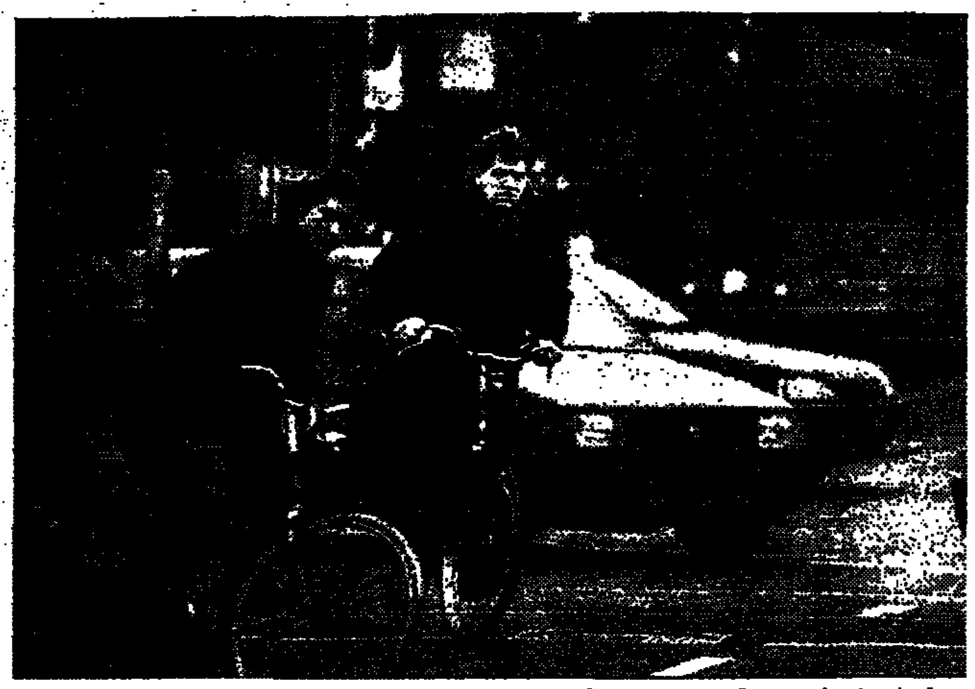
AMSTERDAM'S girdle of graceful 17th-century canals is proof that the Dutch capital was built to accommodate boats, not cars. More than 300 years later, however, the quiet canals are used for little more than sedate tourist cruises, while the roads on either side of the waterways have become the scene of increasingly fierce battles between cars, bicycles, trams and buses.

Years of simmering resentment among car drivers, cyclists and pedestrians will come to a head today when Amsterdam holds a referendum on the future of the car in the city centre.

Amsterdam residents will be given two choices: they can either support the city's existing traffic policy, aimed at a gradual reduction in car traffic, or vote in favour of a drastic curtailment of automobiles in the inner city.

This more radical option would involve halving the number of parking spaces to 11,000 and restricting access to the canal zone itself.

The referendum – the first in Amsterdam's history – pits a coalition of environmental groups and cyclists' clubs against business organisations, shopkeepers and local unions, which argue that as many as 20,000 of the city centre's 80,000 jobs will be lost if the car is virtually banned. The anti-car lobby dismisses this figure as scaremongering.



Two cyclists competing with cars and public transport for limited road space in Amsterdam yesterday. The city votes today in a referendum on further restricting or banning cars there

It says some jobs would go but others would be created, as central Amsterdam becomes a more pleasant place to live, work and shop.

"Businesses which depend on cars do not belong in the city centre but on the outskirts," said a spokesman for the Car-Free City-Centre movement.

Exceptions would be made for delivery vans and cars driven by disabled people, among others.

Residents of the zone who own cars would be allowed to drive in and out.

However, they would have to compete for ever-fewer parking spaces.

The Amsterdam Chamber of Commerce believes the referendum – non-binding but sure to influence the city's policies – has already affected the business climate.

"Companies are hesitant to make new investments in the city until they know what the referendum will mean for them," a spokesman said.

"It has created an uncertain climate for decisions on business location," he added.

The referendum campaign by the pro-car and anti-car lobbies has been bitter, reflecting the animosity on the city streets between cyclists and car drivers, who rival each other in their disregard for traffic lights, speed limits, zebra crossings and pedestrians.

Proponents of a virtually car-free zone have filed a complaint with the Advertising Code Commission, accusing the Amsterdam business community of putting out misleading information in their promotional material.

They are particularly incensed about a cartoon showing road signs saying "Goodbye cars, goodbye business, goodbye restaurants, goodbye jobs".

Adding fuel to the controversy is the choice being offered in the ballot itself. Critics say voters are unable to make an informed decision because they have not been told exactly how cars would be kept out of the city centre under the radical "Choice B" option.

Physical barriers and the issuing of magnetic passes to drivers exempt from the ban have been mentioned as possibilities, but no firm decision has been taken; nor have specific plans been drawn up to build the parking garages which would be needed on the edges of the city centre.

The fact that the referendum is taking place at all is a sign of Amsterdam city council's fear that people have lost faith in conventional politics and need to be mobilised through direct ballots on single issues.

In the last local elections, in 1990, voter turn-out was just 50 per cent, the lowest on record.

Further referendums may be in the offing.

One popular subject might be another perennial Amsterdam hazard – dogs and their excrement.

Of the nearly 900 referendum ideas forwarded to the city council in 1990, more than 40 per cent were related in one way or another to the pervasive dog nuisance.

French trade surplus declines

By William Dawkins in Paris

FRANCE's monthly trade surplus narrowed sharply in February, underlining the extent to which any economic recovery there is dependent on the pattern of demand in export markets.

Last month's surplus was FFr407m ($72m), down from FFr3.53bn in January, said the customs directorate yesterday. Yet this still marks a big improvement year-on-year, bringing the surplus for the first two months of 1992 to FFr3.9bn, as against a FFr8.7bn deficit in the same period of 1991.

Moreover, France has maintained a FFr7.6bn surplus with the rest of the European Community for the first two months of the year. This was a good result, which confirmed the increase in France's competitiveness thanks to its control of inflation and the costs of production, said the Finance Ministry.

The main reason for the narrowing of the month-on-month surplus was a sudden halt in the growth of overseas sales. Exports were roughly stable at FFr103.8bn last month, while imports to France climbed by 3.2 per cent, from FFr100.2bn in January to FFr103.4bn in February. The change was most marked in industrial goods, where France swung into a FFr1.6bn deficit last month, from a FFr1.4bn surplus in January.

Italians opt for smaller cities

By Robert Graham in Rome

ITALY'S population has scarcely grown over the past decade and is shifting from large city centres to smaller cities and large towns, according to preliminary results of the 10-yearly national census, released yesterday.

The population grew by just 0.3 per cent to 56,411,290, against a 3.9 per cent increase the previous decade, confirming Italy's declining birthrate, one of the lowest in Europe.

The census reflected the continued north/south divide, with smaller families and lower birth rates in the north.

The birthrate declined 1.4 per cent in the north, was steady at 0.3 per cent in the centre and grew by 2.5 per cent in the south, well down on the 5.3 per cent growth in the previous census. This was also reflected in the size of family units, the average in the north falling from 2.8 to 2.6 and in the south from 3.3 to 3.1.

As for the exodus from big cities, Milan's population fell 16 per cent, while in 11 other cities the decrease was above 10 per cent.

For the first time, an attempt was made to assess Italy's growing immigrant population, a feature of the economic boom of the late 1980s. The census showed there were 501,921 foreigners in Italy, of whom 231,164 were resident.

NEWS IN BRIEF

UN general urges end to skirmishes in Croatia

General Satish Nambiar, the commander of the United Nations peace-keeping operation in Yugoslavia, yesterday issued an urgent appeal to Serbian and Croatian leaders to halt all fighting after at least nine people had been killed in the worst day of bloodshed in Croatia since the ceasefire on January 3, writes Laura Silber in Belgrade.

Artillery duels between Serbs and Croats spread across Croatia and into the neighbouring republic of Bosnia-Hercegovina. The death toll has now reached 19 in worsening skirmishes since Sunday. In the worst single incident yesterday, four people were killed when a shell hit a bus station at Osijek.

Airlines warn Brussels on fares

The European Commission's third package of airline deregulation could backfire and lead to a more restrictive fares regime in Europe, the Association of European Airlines (AEA) warned yesterday, writes Paul Betts, Aerospace Correspondent.

The AEA, which groups 22 European airlines, said it was worried by new proposals put forward by Commission experts which they fear would undermine fares liberalisation. In particular, one proposal suggests a return to the old system of "single disapproval of air fares" whereby one country could stop the

Two die in Istanbul bus attack

Guerrillas with automatic rifles fired on a bus in Istanbul yesterday, killing two Turkish intelligence officers and wounding seven others, Reuter reports from Istanbul. The Dev-Sol (Revolutionary Left) group claimed to have carried out the attack. The group has joined forces with the separatist Kurdish Workers party (PKK), which has vowed to spread its rebellion to big cities. At least 55 people have been killed in south-east Turkey since Saturday in clashes between government forces and PKK rebels.

Malta's Labour to select leader

Malta's opposition Labour party will select today a new leader, after the resignation of Mr Carmelo Mifsud Bonnici, Godfrey Grima writes from Valletta. Mr Bonnici, party leader for seven years, selected a successor, Mr George Vella, who declined to take over. Labour lost at the polls in February to the Christian Democrats under Mr Eddie Fenech Adami. The new contenders are Mr Joe Brincat, former justice minister Mr Lino Spiteri, a former banker and Mr Alfred Sant, a Harvard-trained economist.

Lockerbie puts Arabs in quandary

Max Rodenbeck finds Libya's allies bristling at western 'bullying'

A YEAR after Arab and western armies joined forces to expel Iraq from Kuwait, the test of wills between western governments and the Libyan regime of Colonel Muammer Gadaffi over its harbouring of the suspected Lockerbie bombers has forced Arabs to ponder their place in the new world order.

Since the confrontation began last November, Libya's Arab allies have bristled at what is seen as bullying by Britain and the US. In private, though, they have advised Libya to be more accommodating.

Like Iraq's invasion of Kuwait, the affair has put pro-western *Arabs in a quandary*. Street opinion throughout the Arab world has strongly backed Libyan protestations of innocence. Libya's offer to try the suspects domestically was seen as reasonable, and its refusal to extradite them was widely accepted as understandable in the light of Libyan mis-*trust of its accusers.*

By contrast, the west's uncompromising demand has been viewed as an assault on Arab dignity. US hints of resorting to force and the use of the UN Security Council, so as to step up international pressure, have created uncomfortable parallels with the beating suffered by Iraq. As a result, many Arabs are again accusing the west of applying double standards.

Moderate Arab governments, whatever their distaste for the Gadaffi regime, have been obliged to respond to public pressure. Also, they have been annoyed by the stridency of western demands, seeing these as having exacerbated the problem. Arab analysts note that, before the confrontation, Libya had shown signs of a desire to improve ties with the west. Moderate countries such as Egypt assured their western friends that the Gadaffi leopard was trying to change his spots.

By coupling attempts to try the terrorist suspects with veiled threats of force, the west missed a chance to work out a quiet deal that would have preserved the revolutionary Libyan regime's legitimacy, Arab observers say.

As they see it, backing the Libyan leader into a corner could provoke him to extremism or – worse for his poorer neighbours – into cutting trade and expelling their surplus labour. Up to 200,000 Egyptians work in Libya and there are plans for 1m Egyptian farmers to settle there. Destabilising Gadaffi, countries like Egypt and Tunisia fear, could also bring gains to Islamic fundamentalism.

As time has passed, Libya's friends, Egypt in particular, have grown uncomfortable with Tripoli's dithering. They have come to feel that Libya cannot expect to put its past behind it without paying some price.

To Libya's chagrin, the Arab League's 21 members turned down a draft resolution calling on them to defy sanctions against Libya, which the UN Security Council has threatened to impose. Instead, they *urged the UN to delay punitive* measures until the world court had ruled on whether international law requires Libya to hand over the wanted men.

In effect, the resolution declared sympathy with Libya, but within the framework of respect for international law.

With its earlier face-saving proposals rejected, Libya appears to have felt obliged to hold on to the skimpy cover offered by its erstwhile brothers by volunteering to place the Lockerbie suspects in Arab League custody.

Saudi king cuts domestic price of petrol

By Mark Nicholson, Middle East Correspondent

SAUDI ARABIA, already one of the world's cheapest places to fill up a car, has slashed domestic *petrol prices by 37* per cent to 8.6 cents a litre.

The price cut is one of several on services and utilities made in a surprise announcement by King Fahd, the Saudi ruler, to "ease the burden of the cost of living on the citizens".

The move appears in part designed to soften the effects of inflation in the kingdom since the Gulf war, which has risen substantially in the past year *in tandem with the general* buoyancy of the economy.

However, the decision can also be seen as a concession to Islamic hardliners in the kingdom, who have been increasingly critical of the ruling family since the war and who believe that payment for essential services is an unacceptable form of tax given the kingdom's vast oil wealth.

The price cuts certainly run counter to the government's *general need to reduce expen*diture, given that it is already slated to run an $8bn (£4.6bn) budget deficit for 1992 – its 10th successive budget shortfall. "From the purely financial standpoint, it makes little sense," said one Riyadh banker yesterday.

Mr Ali Hassan al-Shaer, the information minister, was quoted by SPA, the Saudi press agency, as saying that the king had decreed price cuts including a reduction of 30 per cent *in domestic gas prices* and a 28.5 per cent fall in electricity prices. Water prices would also be halved.

Registration fees for businessmen and traders will be cut by up to 87 per cent and cuts will also be made on port tariffs and exit visas.

Takeshi Kato leaving the Tokyo court yesterday

RECRUIT CLAIMS FOURTH VICTIM

A JAPANESE former senior civil servant was yesterday given a suspended jail sentence and fined for his part in the Recruit bribery scandal which rocked Japan three years ago, Stefan Wagstyl reports from Tokyo.

Mr Takeshi Kato, once a vice-minister in the labour ministry, was found guilty of having accepted bribes from Recruit, an employment information company. He was sentenced to two years in jail, suspended for three years, and fined Y6.81m (£29,700) at the Tokyo District Court.

Mr Kato is the fourth person to be convicted on charges arising from the Recruit affair, in which the company offered cut-price stock to influential people in return for their favour. They include Mr Hisashi Shinto, ex-chairman of Nippon Telegraph and Telephone, the telecommunications utility. Eight others are still on trial, among them Mr Takao Fujinami, a former chief cabinet secretary.

Mr Taketaka Nakagawa, the presiding judge, told Mr Kato the case was grave because he had damaged people's trust in the labour ministry and in the fairness of government officials.

Seoul ruling party heading for loss of majority at poll

SOUTH Korean voters appeared last night to have stripped the ruling Democratic Liberal party (DLP) of its parliamentary majority, in the country's National Assembly elections, report Jack Burton in Seoul and agencies.

According to preliminary returns and TV forecasts, President Roh Tae Woo's DLP was heading for only 48 per cent of parliamentary seats, against its current 66 per cent share.

The main opposition Democratic party, which holds a fifth of assembly seats, was leading in about a third of the constituencies.

Witnesses said the DLP's leaders, who had gathered at party headquarters for a victory celebration, left quietly as the returns went against their party, leaving underlings to cope with a flood of press calls and early morning visits from photographers.

With nearly 70 per cent of the vote counted, the DLP was projected as leading in 111 constituencies, the DP in 75, the UNP in 22 and independents and minor parties in 22.

$400m pledged for Zambia

Drought-stricken Zambia, one of the world's poorest and most indebted countries, yesterday received pledges from western *donor countries of more than* $400m in balance of payments and emergency imports support, William Dawkins reports from Paris. The pledges, made at a meeting of the World Bank consultative group on Zambia, are a significant increase on *previous years' aid. They cover* the country's financing requirements for the year so far.

Virgin to begin S Africa flights

By Paul Betts in London and Philip Gawith in Johannesburg

VIRGIN Atlantic, the airline owned by Mr Richard Branson, plans to start flying from London to Johannesburg before the end of this year, in a move signalling South Africa's intentions to adopt an "open skies" airline policy.

The route has been the sole preserve of British Airways, Virgin's bigger UK rival, and South African Airways (SAA) since 1945. It has long been one of the most lucrative long-distance services for both airlines.

Mr Branson said yesterday, after meeting Mr Peter Welgemoed, the South African transport minister, that he had been told Virgin "can gear up and start flying later this year".

Virgin officials said the airline planned *to start its Lon*don to Johannesburg services in October or November with five flights a week. The airline hopes eventually to operate daily services and has applied to extend its Johannesburg flights to Cape Town and Durban.

The new services are expected to intensify the fierce competition between Virgin and BA on international routes out of London's Heathrow and Gatwick airports.

They are also expected to bring down fares on what has traditionally been one of the most expensive long-haul *routes. Virgin* said economy fares could be reduced by 35-40 per cent.

Mr Branson said Mr Welgemoed pledged to free up the current airline fare structure entirely by October and develop an "open skies" policy over the next few years.

The new Virgin flights still have to be ratified by the South African cabinet.

Under the new bilateral air service agreement negotiated last year between the UK and South Africa, the two UK carriers will be entitled to a 60 per cent share of frequencies on the London to South Africa route, and *SAA to 40* per cent. However, this could change to 50-50 if a second South African carrier decides to compete on the route.

Virgin also confirmed Mr Branson had been approached by a South African investor interested in acquiring a stake in Voyager Travel, the holding company which controls his airline. Mr Branson is considering selling a 20 per cent stake for about £50m and has also been holding discussions with potential UK investors.

Virgin is expected to acquire two more Boeing 747s to operate its new services.

Mr Branson indicated the airline would invest about $250m (£145m) in facilities and equipment in South Africa.

Apart from the airline operations, Mr Branson is looking at other business opportunities, including a South African hotel joint-venture and introduction of his Virgin Megastore record shops to South Africa.

A Virgin official said South Africa offered interesting music retailing opportunities because the market was at present unsophisticated. Virgin is looking for sites in five South African cities to set up *Megastore branches.*

Mr Branson also forecast a buoyant business travel market in South Africa.

The louder the row, the closer the deal

Patti Waldmeir on talks S Africa-style

SOUTH AFRICAN politics operate according to an inverse principle: when opposing parties broadcast their disagreement most vocally and vehemently, you can bet there is a deal in the making.

Negotiations are like that – no less so in South Africa where, over the next few months, black, white, Indian and coloured will try to thrash out a post-apartheid constitu*tion.* When the African National Congress (ANC) hits new heights of bluster and the white government wields a heavy rhetorical bludgeon, it is the sub-text that is important, not the superficial message.

The mock-clash on Monday between them – which involved Pretoria tabling proposals for a *multi-racial* interim government and the ANC rejecting them out of hand – was a classic example.

In public, ministers were keen to stress that they were not handing over power to the ANC (the charge levelled against them by the right wing in the referendum last week), despite their plans for multi-racial "transitional councils" to oversee key areas of government policy.

In private, they made clear that these councils (which would be dominated by the ANC and the ruling National Party, though they would include lesser parties) would be *able* to give orders to the white cabinet, and that the cabinet would carry them out.

Chief Mangosuthu Buthelezi, leader of the Zulu Inkatha Freedom party, yesterday attacked government proposals for interim rule with blacks, and accused Pretoria of aiming to destroy the political power of South Africa's biggest tribe, the Zulus, Patti Waldmeir reports. Chief Buthelezi, chief minister of the KwaZulu tribal homeland and a member of the Zulu royal family, said he was not consulted in the drafting of the proposals which failed to take into account KwaZulu's existence.

In public, the ANC condemned the councils as mere "toy telephones" to power, and dismissed the concept as "outrageous".

In private, ANC officials let it be known that they thought a deal could be reached on the issue, along with the much more contentious question of dismantling the ANC military wing, *Umkhonto we Sizwe* (Spear of the Nation), and abandoning armed struggle.

It is not surprising that neither side wants to broadcast the large number of compromises already made – and still to be made – before a new constitution is agreed.

If they did, the government would not have won the white referendum by such a large margin, and the ANC would risk a backlash in the townships. When they have met privately – in the bilateral talks where the real tough talking is done – neither side has proved reluctant to compromise.

That is not to say that agreement will be reached exactly along the lines set out by Pretoria. There are arguments to settle over the exact powers of the councils, who will appoint them, who will sit on them, and how many of them there will be. What is certain is that there will be a deal, and soon – perhaps as early as next month, as Pretoria predicted yesterday.

The battle to watch for is not that between the ANC and the government (which work so closely together that they are often accused of collusion), but rather between the two of them and Chief Mangosuthu Buthelezi *and his mainly Zulu* Inkatha Freedom Party.

Bilateral agreement between Pretoria and the ANC will not be enough on its own; the 19 parties of the Convention for a Democratic South Africa (Codesa) must agree before an interim government can be formed. *The government and* the ANC will want broad support for something as important as an interim government, and they will not risk the ire of Chief Buthelezi by forcing it down his throat.

He is the real wild card in South African politics, to be ignored *at great peril. Progress* towards interim government could depend, in the end, on whether his injured pride can be assuaged – he alleges an insult to the Zulu people because their King, Goodwill Zwelethini, has no seat at Codesa – and whether the new government *structure* can accommodate his ambitions for power.

Chinese economist calls for radical reform to open markets

CHINA should float its currency and open retail, transport, banking and insurance industries to foreigners, the cabinet's top economist said in the clearest explanation of Beijing's new pro-reform effort so far. Reuter reports from Beijing.

Ma Hong, research director for the state council (cabinet), was quoted by the official press yesterday as saying the economy must be made "more international".

Reforms enacted so far, which *have* concentrated on attracting foreign investment to the manufacturing sector, were not allowing enough scope for potential growth, he said, calling for bold opening of the service sector.

"It is one-sided to take opening-up as merely using some *preferential policies to absorb* foreign funds and technology," the New China News Agency quoted him as telling members of parliament.

Ma, who is in charge of cabinet economic policy planning, said China should open its doors wider, and criticised those among the *country's* leaders who were afraid of using capitalist methods to achieve China's goals.

China has called for talks with Britain on Hong Kong's legislature, to be elected in 1995, two years before the British colony is to revert to Chinese rule, Reuter reports from Hong Kong. Analysts saw the call by Zhou Nan, head of China's de facto embassy in Hong Kong, as another attempt by Beijing to shape the colony's affairs before the 1997 handover.

"There are still people who equate reform and opening up with the introduction of capitalism," Shanghai's Wen Hui Bao quoted him as saying. "To put economic questions in overly ideological terms has caused great losses for socialism."

Ma said capitalist-style policies such as the introduction of securities trading should be promoted, and suggested even more radical reform: "Foreign exchange rates should be adjusted so as to institute a free-exchange system." He added that a freely-convertible *yuan would spur foreign* business interest in China.

Although China has allowed the yuan to depreciate slowly in a "managed float", as part of its efforts to re-join the General Agreement on Tariffs and Trade (Gatt), the currency remains tightly controlled.

Foreign banks are limited to full branches in Shanghai and the special economic zones of the south. Recently, central bank officials have said they were drafting plans to expand the foreign bank presence in China.

Premier Li Peng and other senior officials have all backed calls for faster economic change by paramount leader Deng Xiaoping, during the current meeting of the National People's Congress, China's rubber-stamp parliament.

Ma's comments provide some of the first concrete clues as to what changes Beijing might have in mind.

"We should not link those things associated with a commodity economy – such as the market system, the stock-holding system, securities, more freedom for enterprises and the broadening of investment avenues – with capitalism," Wen Hui Bao quoted him as saying.

NEWS: WORLD TRADE

Taiwan, China could join Gatt on same day

By Frances Williams in Geneva

CHINA and Taiwan could both be members of Gatt a year from now, following an informal deal between China, the US and EC over Taiwan's application to join the 108-member world trade body.

Officials said yesterday the next meeting of Gatt's governing council, on April 30, was likely to set up a working party to consider Taipei's membership bid. Taiwan applied in January 1990 as a "separate customs territory", the formula used by Hong Kong and Macao, already Gatt members. But China first opposed the application, then *insisted Taiwan could not join* before it did.

The working party drafting China's membership terms, set up in 1987, was reactivated in February after a long hiatus thatfollowed Beijing's 1989 clampdown on the pro-democracy movement and a slowing of economic reform.

The US, Taipei's principal sponsor, opposed a link between the two sets of membership talks but failed to gain the support of other Gatt members. Under the terms of the informal understanding, China will join Gatt first, possibly only *minutes ahead of Taiwan*. "The most probable scenario is that they will join on the same day," one trade official said.

Since Taiwan is a market economy which has already taken steps to liberalise its trade regime, the negotiation of membership terms could be finished within 12 months. Officials said yesterday a special protocol of accession for China, taking account of its largely state-controlled non-market economy, could also be completed in that time.

Despite recent moves by China to make its trading system more Gatt-compatible, special membership provisions are seen as essential since normal Gatt rules cannot apply to an *economy* where prices may bear no relation to output costs. The accession protocol is likely to include special safeguards to protect trading partners against surges of imports from China.

The understanding reflects the desire of most Gatt members to have China in the fold, which they hope will cement economic (and potential political) liberalisation. But it could spark opposition in the US Congress, which wants tougher action against Beijing over human rights abuses and unfair trading practices.

Taiwan study into McDonnell Douglas stake delayed

By Luisetta Mudie in Taipei

THE results of a study by China Steel, a state-owned Taiwanese company, of the proposed acquisition by Taiwan Aerospace of a large stake in the commercial aircraft operations of *McDonnell* Douglas of the US are expected to be known by the middle of April, Mr Yang Shijian, Taiwan's economics vice-minister, said yesterday.

China Steel, which could *acquire a big interest in* Taiwan Aerospace, is leading a Taiwanese team examining the potential investment.

The two-week postponement of the study's conclusion – it had been expected to be completed by the end of March – is a further blow to the deal, dogged by delays and criticism on both sides of the Pacific.

Mr Denny Ko, Taiwan Aerospace president, *said the delay* was caused by uncertainty over plans for McDonnell Douglas's new wide-bodied jet, the MD-12, and that further assessment was necessary.

Under an initial agreement reached *last* November, Taiwan Aerospace, a recently formed company, would buy a maximum of 40 per cent of McDonnell Douglas's commercial aircraft business for $2bn (£1.1bn).

Taiwan Aerospace has since indicated the stake acquired could be as low as 25 per cent.

McDonnell Douglas will retain a 51 per cent stake, but the US company is already discussing, with other investors from south-east Asia or South Korea, making up the shortfall in Taiwan's investment.

Faced with criticism in the Taiwanese media and Yuan (parliament), the government in Taipei has denied it will be *funding the deal*.

It holds a 29 per cent stake in Taiwan Aerospace which, with a capital of $200m, is not in a position at present to finance the deal alone.

The government says the money will come from the private sector, and from some of the larger concerns which already hold a stake in Taiwan Aerospace. These include Evergreen Marine, Tatung, Yueloong Motor, and Formosa *Plastics*.

Critics in Taiwan fear that Taiwanese taxpayers' money will be wasted. Opposition DPP legislators have attacked the proposals, playing recordings of speeches made by Taiwan Aerospace chairman Mr David Huang in the US.

He is said to have asserted in the speeches that the government in Taipei would continue to invest in McDonnell Douglas until it was successful.

Analysts said that, without government backing, the companies which have invested in Taiwan Aerospace would be reluctant to increase their stake in the venture, either individually or as part of the consortium.

If direct investment is not politically possible for the government, other carrots might *take the form of tax incentives*, guarantees and investment through the cabinet's development fund or state-owned banks.

Another question hanging over the deal is whether Taiwan will gain any transfer of aerospace technology if the deal goes ahead.

The issue is sensitive in the US, where McDonnell Douglas has testified *to Congress that* the company would make no such commitment.

But Mr Ko says the question arises from what is meant by "technology". "What we want is quality-control methodology, *know-how which is automatic* in the US aerospace industry," Mr Ko said. "I think of that as technology."

Mr Robert Hood, president of the Douglas commercial aircraft subsidiary, said recently *it was important for the company* to secure a launch decision for the 400 to 600-seater MD-12 programme this year so as to ensure first deliveries in 1997.

The longer-term future of Douglas largely depends on securing financial backing from investors to expand its product range.

The MD-12: delay caused by uncertainty over plans

Sabena cancels $200m firm order for five Boeings

By Paul Betts, Aerospace Correspondent

SABENA, the Belgian national airline, has cancelled a firm *order for five Boeing 737-500* twin-engine aircraft, worth about $200m (£115.6m), because of cash problems caused by the delay in its planned partnership with Air France.

But the Belgian airline said Czechoslovak Airlines (CSA) had agreed to buy the five Boeing 110-120 seater aircraft as part of its efforts to replace its fleet of Soviet-built airliners *with western jets*.

The CSA agreement to take over the order means that the Belgian airline is not expected to face penalty payments for cancelling a firm order.

Sabena also has ordered five other Boeing 737s, for delivery in 1994 and 1995.

The Sabena decision reflects not only the airline's own cash problems but the continuing *softness in the commercial* aircraft market.

Although Boeing expects to deliver a record total of 223 of its 737 narrow-body airliners this year, the manufacturer is planning to reduce monthly 737 production from 21 aircraft at present to 14 in October.

The Sabena move also represents the first time an airline has cancelled a firm order with Boeing.

Sabena is still waiting for Belgian government approval for its partnership deal with Air France.

This would see Air France and Belgian investors acquire a 37.5 per cent stake in Sabena for BFr6bn (£101m).

Air France is also closely associated with CSA.

It became last week the first western carrier to acquire a stake in an eastern European airline by taking, with a group of French and international institutional investors, 40 per cent of CSA.

Japan bidding

An $800m (£462m) Japanese airport project has been approved for bidding by US groups under a Japanese-American construction-trade accord, the US Commerce Department said, Reuter reports from Washington. Architecture and engineering contracts on a Fukuoka airport terminal make up the first of six new market-opening projects to be announced.

ABB and Marubeni set to sign $684m Indonesia power deal

By William Keeling in Jakarta

THE contract for the $684m (£395.8m) Tanjung Priok power station is to be signed today between Perusahaan *Umum Listrik Negara (PLN)*, the Indonesian state electricity company, and a consortium of the Swiss-Swedish company, Asea Brown Boveri (ABB), and Marubeni of Japan.

Construction of the 1,180MW *combined cycle (gas and* steam) plant is due to begin next month, with the first of the six gas turbines operational by mid-1993 and the project complete in the first half of 1995.

ABB and Marubeni beat off a rival consortium of Mitsui of Japan and General Electric of the US to win the contract. Industry officials say Mitsui, in a consortium with Mission Energy of the US, remains a leading contender to build two 600MW units at Paiton in Java, worth about $1.2bn.

A contract worth more than $2bn for two similar units at Paiton was awarded last year to Intercontinental Electric of the US and PT Bimantara Bayu Nusa, an Indonesian company. Both projects are designed to be privately financed, but bankers say international market funds are limited and only one project is likely to proceed.

Paiton is the first attempt by Indonesia to develop a private-sector financed and operated plant to be linked directly to the national grid. It should mark the future direction of *the industry*.

Indonesian demand for electricity is projected to grow 17 per cent a year over the next 10 years, but industry officials say PLN will only be able to finance half the growth *required*.

PLN has a total installed capacity of 9,275MW, and has new plants with a capacity of more than 7,000MW and a total value of about $6.4bn either being built or seeking finance.

● ABB said yesterday it had been awarded a letter of acceptance from India's Ministry of Railways for delivery of 33 locomotives worth $220m, writes Andrew Baxter.

The order will be financed by the Asian Development Bank, and comprises 11 four-axle high-speed passenger locomotives and 22 six-axle freight locomotives.

A substantial part of the order will be supplied by ABB Germany, with partial assembly in India, plus transfer of technology to set up local manufacturing. Commissioning the locomotives is due to begin towards the end of next year.

Austria's EC entry carries trade risks, Gatt report warns

By Frances Williams in Geneva

AUSTRIA's prospective membership of the EC will result in more open markets for other Community countries but risks increasing still further its reliance on preferential trade arrangements, a Gatt report warned yesterday

The report notes that about 75 per cent of Austrian imports originate in preferential sources, mainly members of the EC or the European Free Trade Association (Efta), to which *Austria* belongs. Trade under Gatt's non-discriminatory "most-favoured-nation" (MFN) principle "is therefore the exception rather than the rule".

Discussing the report in Gatt's governing council yesterday, trading partners focused on Austria's plans for closer European integration, through EC membership, participation in the EC/Efta European Economic Area and a growing number of free trade accords with central and eastern European countries.

The report says EC membership and introduction of the common external tariff will result in a substantial cut in Austria's tariff barriers to third countries, which for industrial goods are well above the industrialised-country average.

But Japan and the US were among those countries expressing anxiety yesterday that closer economic ties with Europe could be at the expense of Austria's trade with others.

The council urged Austria to ensure further European integration was fully compatible with Gatt obligations and that liberalisation measures opened markets on an MFN basis. In reply, Mr Gerhard Waas, director-general of Austria's federal economics ministry, said EC membership would improve competitive conditions in Austria and should help create trade.

Gatt's review of Austrian trade policies, part of a series eventually covering all Gatt's 103 members, notes the contrast between its relatively liberal trade regime for industrial goods and its restrictive farm trade policies. Domestic farm prices are more than twice world levels for some products, the report says.

Other criticisms related to Austria's import licensing and surveillance schemes; the wide-ranging but informal powers of the "social partnership" (government, employers and trade unions) in trade-related matters; and price controls and the high degree of cartelisation of the Austrian market. This reduced competition and benefits of open trade.

The council said market-oriented policy reforms by Austria in recent years had laid the ground for strong economic performance in growth and employment but expressed concern over high levels of protection and discriminatory policies in some areas.

Senator Rudman gives up on Washington

By Jurek Martin in Washington

SENATOR Warren Rudman, a Republican from New Hampshire, said yesterday he would not seek re-election this year for a third term.

Unlike others, he is not leaving the Senate because he is an incumbent under threat, but because he does not like Washington.

He repeated that he has found life and work there "terribly frustrating". Though considered an effective senator, usually but not reflexively conservative, he said Congress had failed to address great issues, such as the rise in the costs of social security and Medicare.

Mr Rudman, probably best known as co-author of the Gramm-Rudman deficit reduction act of 1985, is also one of the poorer senators, most of whom are either independently wealthy or sustained by contributions. A consistent defence of members of the House of Representatives accused of writing overdrawn cheques on the House bank has been to point out the costs and complications of maintaining residences both in the capital and in their home states.

Russian access to multilateral funds in prospect

Former Soviet states near entry to IMF

By George Graham in Washington

WESTERN nations are close to agreement on a formula that would open the door for Russia and the other former Soviet republics to join the International Monetary Fund this summer.

IMF members are still arguing about how to calculate the republics' share of the fund's capital, which in turn would determine the size of their access to IMF finance, but they are expected to reach an agreement in the next fortnight on a Russian quota of slightly more than 3 per cent.

This in due course could allow the republic to borrow as much as $4bn (£2.3bn) a year from the IMF.

Entry to the IMF would pave the way for a comprehensive financial aid package for the republics of the former Soviet Union, possibly including a fund to help stabilise the rouble.

But Russian economists estimate that their country will need a total of $12bn in foreign capital this year. Even if Russia's IMF membership were completed by the summer, an IMF facility might not be in place before the autumn, and would be unlikely to amount in 1992 to anything like the full annual entitlement of about $4bn.

IMF members, however, have not fully resolved the question of whether to calculate one global quota for the Commonwealth of Independent States, to be divided later among the republics, or to calculate each quota individually.

The US administration is coming under increasing pressure to step up its efforts to help Russia and the other republics, and President George Bush has begun to show more enthusiasm for a bigger aid commitment.

The debate on an aid package was spurred by former President Richard Nixon, who two weeks ago criticised the US response to the collapse of the Soviet Union as "pathetically inadequate".

His urgings have been echoed by senior senators from both parties, led by Democrat Sam Nunn of Georgia and Republican Richard Lugar of Indiana.

The two men met Mr Bush and Mr James Baker, secretary of state, at the White House this week to encourage the administration to produce a substantial package of measures to help the emerging democracies of the former Soviet Union.

Among the measures proposed is a large US contribution to a rouble stabilisation fund, increased humanitarian aid and the repeal of a number of Cold War curbs on trade with the Soviet Union.

Mr Nunn said he was "cautiously optimistic" that the president would offer more assertive leadership on the issue of aid for Russia, but said that he had received no concrete pledge from the administration.

While most politicians have been reluctant, in this election year, even to discuss any kind of foreign aid, some Congressmembers report that voters in their home states seem ready to view Russia as the one exception where foreign aid may be justified.

Noriega's lawyers subpoena attorney

By Henry Hamman in Miami

LAWYERS for General Manuel Antonio Noriega, whose drug-trafficking conspiracy trial in Miami is nearing its end, have subpoenaed Mr F. Lee Bailey, the noted US criminal attorney, to testify today about possibly inconsistent statements by a star prosecution witness.

The unusual last-minute subpoena was issued after Mr Bailey notified defence lawyers that he had previously written to the former Panamanian leader's prosecutors about testimony by Mr Gabriel Taboada.

Mr Bailey said the testimony by Mr Taboada, which placed Gen Noriega at a 1983 meeting with the Medellín cartel, was inconsistent with information which Mr Taboada had given him.

Mr Bailey at one time represented Gen Noriega. Later, he was retained by Mr Taboada. In his letter to prosecutors Mr Bailey said Mr Taboada's testimony about the meeting contradicted assurances Mr Taboada had given him that he knew nothing which would cause a conflict for Mr Bailey in acting as lawyer for both the general and Mr Taboada.

Terry Kirk

Carlos Boloña: 'You win no applause. . . but that doesn't bother me'.

Peru's 'Babyface' holds up better than economy

Economy minister thought 1992 would be a hard year — and it is, writes **Sally Bowen**

AFTER 13 months in one of the world's least enviable jobs, Mr Carlos Boloña – "Babyface" to friend and foe – is showing fewer signs of strain than the Peruvian economic programme he administers.

A package of fiscal measures in the past month, partly modified under pressure of public opinion, has brought renewed calls for his immediate departure, from outraged businessmen and union leaders alike.

"We always knew 1992 was going to be a hard year," smiles Mr Boloña, economy and finance minister. "And every month there are demands for my resignation."

The tax-raising measures which aroused national fury were primarily intended to combat the minister's principal preoccupation – a troublesome fiscal deficit amounting to more than $2bn for 1992. Congressional decisions plus various miscalculations have meant that planned expenditure this year is equivalent to 12 per cent of gross domestic product while tax collections hover around 8.3 per cent.

"We are still in time to correct this," says Mr Boloña, "but it means collecting at least 1 per cent more in taxes as well as cutting costs."

The controversial measures proposed a raising of the general sales tax from 16 to 18 per cent, a 20 per cent tax on dollar savings deposits and 50 per cent tax on insurance premiums. They would have eliminated long-standing tax exemptions on certain basic foodstuffs and products from Peru's economically depressed frontier and jungle zones.

However, after opposition, the government was forced to backtrack. It dropped plans to tax basic foodstuffs, although it has levied a 5 per cent tax on some basic foods and applied the 18 per cent tax for imported foods. It halved the insurance tax and dropped the plan to tax savings.

The tax on savings, advocated by industry minister Mr Victor Joy Way and opposed by Mr Boloña, had been intended, not to raise revenues, but to discourage speculative short-term capital. This has been flooding into the country to the tune of $120m (£69.3m) a month, attracted by interest rates double international averages. Oversupply of dollars, added to an unquenched flow of greenbacks from the illegal drugs trade, has kept the local currency stubbornly strong – to the despair of exporters.

Mr Michel Camdessus, International Monetary Fund chief, on a flying visit to Lima in mid-February, underlined the importance of boosting government revenues in calling for "battlefield surgery" to stop a "haemorrhaging" budget. But it will take time to convince Peruvians, long accustomed to low taxation and high evasion, of the importance of paying taxes.

It is not just the deficit that is causing concern, however. After several months of improvement, recent economic indicators are troubling. Inflation in February rose again to near 5 per cent after seven months' decline. With steep food price rises this month as a result of the lifting of sales tax exemptions, accumulated inflation for first-quarter 1992 is now certain to top 15 per cent, making the budget target of 37 per cent for the year look unattainable.

Worrying, too, is January's dip in output, admittedly by a small 0.7 per cent over January 1991, but still a hefty 8 per cent down on January 1990, which was at the end of the economically chaotic and recessionary Alan García, administration. Fishing, mining and industry are the sectors worst hit; Mr Jorge Cárdenas, technical manager of the exporters' association Adex is accusing the government of "determination to kill off Peruvian industry".

Both exporters and domestic manufacturers are continuing to suffer the effects of a damagingly overvalued local currency. The sol remains at a stubborn 0.95 to the US dollar while manufacturers and exporters calculate parity at about 1.60 to the dollar at current cost levels. Central bank attempts to weaken the local currency by buying dollars – $40m last month alone – have failed to produce any improvement. In another attempt to stem the flow, the government has agreed with leading banks to lower bank deposit rates. Most exporters claim to be losing money hand over fist; only two mining concerns, for example, announced profits for last year, while local costs edge up and imports become ever cheaper.

Since January, manufacturers have had to face competition from newly tariff-free imports from Andean Pact neighbours Colombia and Venezuela.

"At this rate, the entire productive apparatus of Peru will go bust," says Mr Carlos Meneses, managing director of one of the country's oldest and largest metal-working concerns.

Not so, counters the government. It points to a small, but measurable 2.6 per cent growth in output last year, though over a heavy recession in 1990. Gradually falling interest rates are starting to reduce heavy financing costs.

According to Mr Boloña, businesses are experiencing a sharp fall in traditionally generous profit margins. "But they are learning to adjust and become more competitive," he claims. "Let us not deceive ourselves: despite all the clamour, Peruvian businesses never actually go bust."

Long-promised privatisation looks at last to be getting under way. Fourteen state-owned companies are scheduled to go under the hammer within the next two months and Mr Boloña is determined to speed the process. Revenue from privatisation is hard to predict but getting rid of loss-makers will close a deficit which even last year reached between $500m and $700m.

Despite the modifications to his proposals, Mr Boloña says he is not dissatisfied. Relations with Congress are more conciliatory, and his ministry is at last able to fulfil its financial commitments to the social emergency programme for the poor.

"You win no applause doing my job," he says, "but that doesn't bother me."

Argentina rebuts pope's criticism of market reforms

THE Argentine government hit back yesterday at Pope John Paul II's criticism of its economic reforms, writes John Barham in Buenos Aires.

The Pope had said on Monday that Argentina should ensure the poor do not become "victims of adjustment plans, or marginalised by the dynamism of growth, to which they have contributed considerably". President Carlos Menem said his statements had been blown up by the press.

Mr Domingo Cavallo, economy minister and architect of free market reforms, stressed that the "legitimate demands of the poor" could only be met with sustained reform.

Caracas considers sell-offs within state group

THE Venezuelan government may extend its privatisation programme to companies in the state-owned CVG (Corporacion Venezolana de Guayana), which controls the country's heavy industry, writes Joe Mann in Caracas.

CVG, whose activities include steel, aluminium smelting and products, mining, and hydroelectric power, has not previously figured in the three-year-old privatisation programme. But a projected fiscal deficit this year has caused the government to consider privatising parts of CVG, which includes companies fully owned by the state as well as joint ventures.

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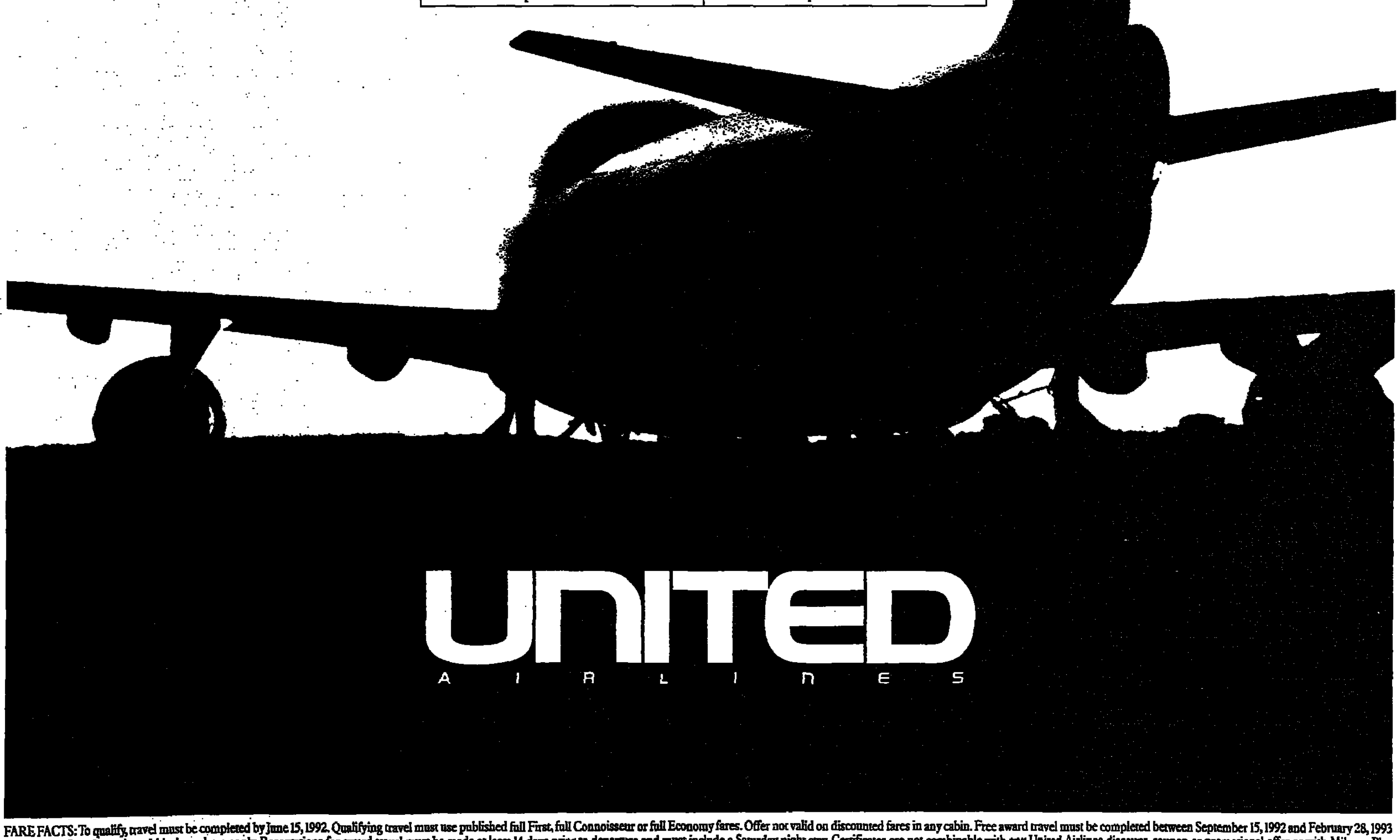

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ELECTION 1992

Major keeps up attack with European accent

By Philip Stephens, Political Editor

MR JOHN MAJOR added a Euro-sceptical edge to his election campaign yesterday as the Conservatives combined their harrying of Mr Neil Kinnock over taxation and spending *with an attack on* Labour's inexperience on the world stage.

Party strategists also seized on apparent differences between Mr Kinnock and his shadow chancellor after Mr John Smith sought to clarify the type of credit controls that might be put into practice by a Labour government.

Mr Smith's insistence that such controls would not operate directly on borrowers was contrasted with Mr Kinnock's earlier suggestion that the policy might lead to the reappearance of mortgage "queues".

Speaking at a Westminster press conference, Mr Major emphasised that a re-elected Conservative government would take a hard line with Brussels over the Community's budget and farm policy.

Taking sideswipes at the interventionist instincts of some of Britain's European partners, he also indicated that he remained to be convinced that a single currency was practicable before the end of the century.

Mr Major, who was joined by Mr Douglas Hurd, the foreign secretary, in his attack on Mr Kinnock's leadership in foreign affairs, said: "The question at this election is a stark one. Who can you trust to defend our interests and keep Britain safe?"

Using untypically abrasive language, Mr Hurd said that Labour's policy on Europe had moved from "total opposition to total subservience".

The Conservatives, however, continued to direct most of their fire at Labour's tax and spending plans, with Mr Major repeating his challenge to Mr Kinnock to "cost" Labour's manifesto pledges.

The prime minister said he would continue to put a £38bn price tag on the Labour manifesto until the Labour leader offered his own figures.

That strategy was underlined by *Mr David Mellor, chief* secretary to the Treasury, who launched an advertising campaign emphasising that the Labour party's proposals would cost every taxpayer £1,250 a year.

Mr Mellor, however, agreed that the scope for any increases in public spending under a re-elected Conservative government would be severely limited by the impact of the economic recession on the Treasury's finances.

He said that the next public spending round would not be easy. While the Conservatives would maintain "priority" programmes, there would not be scope for increases in other discretionary expenditure.

● Mr John Smith yesterday rejected suggestions that Labour would ration mortgages, Peter Norman writes. The shadow chancellor said that the sole form of credit management considered by Labour was strengthening of the reserve asset ratios of credit institutions, but that would be unlikely at present because of the depressed state of the economy.

Mr Smith, campaigning in the West Midlands, accused the Conservatives of trying to create a "scare" on the mortgages issue. He said high interest rates - of the sort prevalent in the late 1980s - were also a means of credit control that "slaughtered industry".

Mr Smith said that Labour had four economic objectives: *steady economic growth,* low inflation, high employment and equilibrium in the balance of payments.

A third of electorate remains undecided

By Ralph Atkins

THE 1992 general election is being fought amid a level of indecision by voters not seen since at least the 1970s, according to opinion poll data collected during the first two weeks of the campaign.

A third of voters are "floating", according to figures compiled by the Mori opinion polling organisation for The Sunday Times. That is a significantly higher proportion than at the same period in either the 1983 or 1987 elections.

There are also exceptionally large numbers of "switchers" in this campaign; 7m voters are thought to have changed allegiance during the first week of the campaign; twice as many as during the same part of the 1987 campaign.

The size of the floating vote and the number of switchers are factors which help to explain the volatility of headline opinion polls.

The figures underline how open the election contest remains, *but there are signs* that the "floating voters" offer better territory for Labour or for the Liberal Democrats than for the Conservatives.

Mori polling for BBC TV's On the Record shows that the three issues chosen by floating voters as most important are unemployment, health, and education. All three are seen as safer territory for Labour.

The Tories' focus on taxation in the first week of the campaign appears to have made little headway on floating voters.

A third *said that* Labour's Budget was the best for Britain, compared with 29 per cent who favoured the government's March 10 Budget.

"The Tories are being judged on their record, rather than their promises," said Mr Brian Gosschalk, director of political research at Mori.

The high number of floating voters reflects the long-running decline in the numbers of voters with fixed loyalties; a trend which explains ever-larger swings in by-election results since the 1970s.

There is no one definition of a floating voter. Mori uses those saying they may change their minds plus the numbers of undecideds.

Colin Beere

Message interrupted: John Major and Douglas Hurd get in the way of their slogan, The Best Team In a Troubled World, at yesterday's press conference on foreign affairs

Pollsters nervous over opinion fluctuations

By Richard Evans

THE SPREAD in opinion polls from a Labour lead of five percentage points to a similar Conservative lead is worrying for pollsters nervous about their reputations, and puzzling to politicians and public alike.

In fact, the apparently wide variation in results is not as big as it seems. During the 1987 campaign, the Tory lead ranged from four to 18 points, but as the lead itself did not change much less attention was paid to the variation.

This time the range is 10 points, but because the lead has changed and the two main parties are so evenly balanced, the differences in results are much more obvious.

Most vulnerable to criticism is the Harris Research Centre, which gave the Tories a five-point lead in yesterday's *Daily* Express – out of line with most weekend polls – and Labour a four-point lead in a poll for ITN last night.

Mr Robert Waller, Harris research director, said: "We do not think there has been a big shift of opinion. But most polls are based on interviews done during the week and our Express interviews were over the weekend. This could have made a difference." The disparity between the two polls was not as great as it first seemed, given the accepted error range of three to four percentage points, he said.

Weekend polling, especially *in the home, is more likely to* find commuters and professional people, and could therefore favour the Tories. Another factor in the disparity might be that the poll for ITN was based on more than 2,000 interviews – about twice the number for the Express poll.

Most published polls assess the state of the parties across the whole of Britain, excluding Northern Ireland, which has a different party structure.

Five companies – Gallup, NOP, Mori, Harris and ICM – poll regularly using face-to-face *interviews. All are members of* the Association of Professional Opinion Polling Organisations, which lays down the ground rules.

Polls use the quota system, which ensures that interviewees are a representative demographic sample of a constituency, with divisions by sex, class and age. The results are weighted from experience to offset any limitations.

National polls conducted by in-home interviews by Harris and others aim for between 1,000 and 1,500 interviewees in 100 *constituencies or sampling* points, selected to give an accurate political reflection of the country as a whole.

ICM favours in-street interviewing in town and city centres and uses 54 sampling points. Some pollsters use both techniques and vary interviews between day and evening, and some do two-day polling. *Audience Selection specialises in* telephone polls.

What divides the pollsters is the order in which questions are put. Mr Bob Worcester, chairman of Mori and the doyen of British pollsters, argues that the main question of voting intention should be put first, whereas Gallup has always put it after "warm-up questions" on the government's record and standing of party leaders.

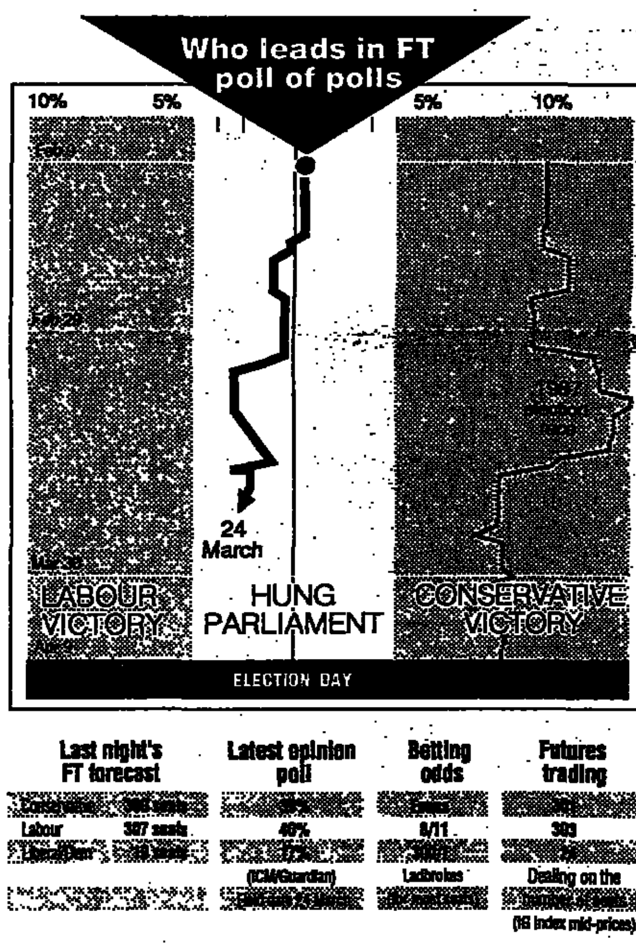
National polls are regarded as much more reliable than regional or constituency ones, *as there is more information to* assemble a national profile. Regular interviewers are trained – none of the organisations is employing extra election staff.

Except in 1970, when all but one of the final polls picked the wrong winner, the record in recent general elections has been a good. There is already nervousness that this time the pollsters could find themselves publishing an accurate poll but still picking the wrong winner.

"It is a bit of a nightmare," said Mr Bob Wybrow, Gallup's polling director. "But if there is a hung parliament there could be another election by November and we'd cry all the way to the bank."

Poll performance in 1987

Poll	Date published	Conservative	Labour	Alliance	Conservative lead over labour
Harris/ Observer	June 7	44	33	21	11
Gallup/ Telegraph	June 10	41	34	23.5	7
Marplan/ Today	June 10	43	35	21	8
MORI/ *Times*	June 11	44	32	22	12
Marplan/ Guardian	June 11	42	35	21	7
Actual Result	June 11	43.3	31.5	23.1	11.8



* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls, panel polls and those that omit sample size or field dates. The graph compares the parties' leads at similar points in the last two campaigns. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

Quotes of the day

England have performed magnificently so far and I send them all my warmest good wishes for the [cricket World Cup] final
John Major

If a Labour government is returned we as a company will not spend £50m on investment. That is not a threat, it is not intended as a threat. It is a prediction
Stanley Kalms, chairman of electrical retailer Dixons

Scotland would be the new Albania – the poorest country in Europe – if the Scottish Nationalists took power. They are closer to the socialism of Fidel Castro than that of François Mitterrand
Ian Lang

The Conservatives are trying to create a scare and suggest that there will be some plan for limiting mortgages. That is not the case and that is no part of the Labour party programme
John Smith

Anybody who thinks I am going to get tired in this campaign doesn't know the extent to which both I and my colleagues can work with a degree of stamina
Paddy Ashdown

Conservatives frighten me, Labour terrifies me and the Liberal Democrats make me feel suicidal
Gwen Lamb of Yarm, Teesside, to the PM

Thank you for your vote
John Major, replying

Sadly, we cannot make any commitment that we are *going to reduce VAT*
Robin Cook

I always knew that Neil Kinnock belonged in the economic nursery. Now, God help us, we've got twins
Michael Heseltine on John Smith

The hustings has one advantage – it means calling a spade a spade
Dr David Owen

I think we can and must *bring public borrowing* down to a reasonable percentage
John Major

City Watch: **Barry Riley**

A golden opportunity for the gilts traders

THE gilts market may have been quaking since the Budget, but every billion pounds added to future borrowing spells lucrative extra business for dealers in government securities.

Mr Robert Thomas, head economist at NatWest Treasury and Capital Markets, has been projecting how far borrowing might jump. The starting point is the official public sector borrowing requirement of £28bn for the financial year 1992-93. On a more cautious economic growth assumption than the Treasury's, Mr Thomas finds that even the Tories would be borrowing £36bn by calendar year 1994. If Labour wins, the PSBR could hit £48bn in the same year, he believes.

"Labour needs to do something about confidence," he observes.

At UBS Phillips & Drew, economist Mr Bill Martin thinks the PSBR could reach almost *£60bn by 1996. His* colleague, gilts specialist Mr Chris Anthony, also believes that whoever forms the next government will need to provide reassurance. "Investors will be reluctant to place money into the market until a new economic package is unveiled," he says.

Back in October, when investors thought the Conservatives were likely to win the election, gilts were yielding only 1.3 percentage points more than German bunds. Now the gap has widened to more than 2 points – a measure of the extra risk perceived by foreign investors, who have recently been buying half of the newly issued gilts.

Mr Roger Bootle, chief economist at Midland Montagu, says the market is becoming worried about a hung parliament. Yields on long-dated bonds have jumped from 9.2 per cent to 9.7 per cent in a month. But Mr Bootle says: "Plenty of people are prepared to buy the ultra-longs at 10 per cent."

Older traders look forward to gilts returning to centre-stage, where they starred in the late 1970s. But as the Thatcher government paid off the national debt in the 1980s, the gilts market was pushed to the wings.

For the moment, however, government bond prices are *uneasy as investors face up to* the prospect of a huge increase in new issues. But the rise in yields does not seem to reflect fears of inflation: index-linked gilts have also become depressed and now offer a real yield of as much as 4½ per cent, suggesting that investors are upset by the sheer volume of paper in the pipeline.

Mr Jeremy Alford of Whittingdale, a specialist bond investment house, is trying to stimulate public interest. He warns that building society returns could soon tail off. "UK savers should invest in fixed-interest securities which could provide significant returns as interest rates fall," he claims.

But too many domestic investors – private and institutional – have simply lost the habit of buying fixed-income securities. "We will continue to rely very heavily on foreign investors", Mr Anthony of UBS P&D predicts. It is fortunate, he adds, that "high-yield currencies are all the rage on European Community convergence arguments".

The big international bond houses which dominate the gilts market are looking forward to a prosperous few years of marketing large volumes of gilts to the world. Only signs that Britain's finances might *go so badly awry that it would* be forced to abandon its commitment to the ERM could seriously spoil the outlook. So far, none of the parties has put a foot wrong on that score.

Kinnock switches focus to industrial policy

By Ivo Dawnay, Political Correspondent

MR NEIL KINNOCK switched his focus from Labour's recovery package yesterday to a broader exposition of the party's *longer-term prospectus for* building stable industrial growth.

In a speech to business people in Manchester, the Labour leader stressed that a vibrant manufacturing sector was "a sure foundation" for a prosperous service sector and the "lifeblood" of financial services.

Drawing on the experiences of the Japanese banking sector and of the City, Mr Kinnock claimed that Britain's falling share of international lending, *from 27 per cent in 1980 to 18.4* per cent in 1990, was a direct consequence of industrial decline. "The manufacturing and service sectors share the same destiny," he said.

Mr Kinnock said the task of government was to create "an economically secure and socially responsible environment within which enterprise can thrive and generate employment and wealth". This involved two broad tasks: creating a stable macroeconomic environment; and *sustaining a "strong and adaptable"* supply-side policy.

He argued that excessive deregulation of the financial sector had jeopardised long-term growth by failing to establish sound credit management. Labour's solution was to use credit controls, based on reserve:asset ratios in the banking sector. The Labour leader also pledged:

● Takeovers would require that predator companies prove their proposals are in the public interest. Labour would use *powers under the Industry Act* to ensure that short-term interests did not inhibit long-term investment strategies.

● Measures to ensure British innovations are developed in the UK.

● Strenuous efforts to build up the infrastructure and transport system, drawing where necessary on private-sector finance.

Mr Kinnock said employers who dedicated less than 0.5 per cent of payroll to training would be obliged to contribute to a national skills fund. Good employers already spent more than that on training and would be unaffected by the levy, he said. "But the 20 per cent of employers who employ 50 per cent of the labour force and who do no training... will have to pay their fair share."

Union tunes up the campaign machine

Chris Tighe on the GMB's election drive in the north

IN the Magnesia Bank, a North Shields pub that is popular with Labour activists, Mr George Thompkins and Mr Kevan Jones are having a quick lunch.

Mr Thompkins is not so much eating his steak as forcing it into submission. Mr Jones, smartly suited, mobile telephone beside his plate, is polishing off scampi and chips.

Mr Thompkins, caretaker at the Newcastle headquarters of the General, Municipal, Boilermakers and Allied Trades Union, the north's biggest union, is volunteer driver for Mr Jones during the election.

Mr Jones, the GMB's regional political officer, is helping the Labour party's campaign in the north-east and Cumbria as its head of logistics. He is doing what the GMB (motto: Working Together) does best – organise. Last week they drove 2,000 miles, preparing the ground for Labour's stars and smoothing their way.

The day they lunched at the Magnesia Bank, he organised events in Tory-held marginals Tynemouth and Darlington. They including two factory visits by Mr John Edmonds, the GMB's general secretary, in support of Labour's Darlington candidate.

Then they drove to West Cumbria for a meeting between GMB shop stewards from the Sellafield nuclear reprocessing plant and Mr Jack Cunningham, Labour's national campaign co-ordinator, who is defending a 1,894 majority in Copeland. Also attending was Mr Doug Henderson, the shadow trade and industry spokesman, a former GMB official and Labour MP for Newcastle North.

Mr Cunningham and Mr Henderson were two of the GMB's five sponsored northern-region MPs. Each receives a £600 annual donation to his constituency party and 80 per cent – about £4,500 – of his general election campaign costs. The money comes from the GMB's political fund, levied from members' subscriptions. Those who object can opt out, Mr Jones stresses.

GMB activists help with dog's-body tasks for the union's sponsored candidates and the three non-sponsored GMB members standing in the region. They include Mr Peter Mandelson, Labour's former image-maker, in Hartlepool. Mr Alan Donnelly, Tyne and Wear's MEP and former GMB northern officer, is organising the campaign tour of Mr John Smith, the shadow chancellor.

This general election is the first in which Labour candidates have been selected under the electoral college system. This gives members the right to vote and limits affiliated bodies to 40 per cent of the votes. The party's aim of moving entirely to one-member-one-vote has GMB support.

Mr Nick Anderson, GMB northern region secretary, denies that GMB help puts Labour in its debt. He says the only thing the union has wanted is the right, included in Labour's manifesto, of union recognition in new plants.

The GMB is trying to persuade members who support the party to become individual members. Mr Jones has recruited 1,300 people for Labour in the past two years. The union might recommend a candidate to its members, he says, but individual Labour members vote by secret ballot so they cannot be coerced.

"Where the Tories go wrong is arguing that the Labour party is still controlled by the unions," he says.

Anecdotes about the GMB's culture vary *from warily affectionate* to biting, but they hardly trouble the GMB. "We have a future," says Mr Anderson. "We are totally efficient, that's why we are the best. So is the Labour party."

ELECTION 1992

Formal pacts are scorned by Unionists

By Tim Coone in Belfast and Ralph Atkins in London

MR JAMES Molyneaux, leader of the Ulster Unionist Party (UUP), yesterday ruled out a formal post-election pact with any of the main UK parties in the event of a hung parliament.

Speaking in Belfast at the launch of his party's manifesto, he welcomed Mr John Major's recent statement that there would be no coalition government. However, his comments did not rule out an informal arrangement between the UUP and the Tories.

If there was a hung parliament, Mr Molyneaux said, the UUP would take into account what was said in the Queen's Speech by the new government on policy issues regarding Northern Ireland, the economy and the Maastricht Treaty.

Mr Molyneaux attacked the Liberal Democrats' ambition of participating in a coalition government. "It is unacceptable that a rump of a party could be dictating the future of the UK," he said, adding that his party was not "making any demands." But he warned that "whoever forms the government knows where we stand and will have to take care not to alienate us".

Mr Paddy Ashdown, Liberal Democrat leader, yesterday ruled out taking part in any coalition government which relied on the support of Ulster Unionists. He said it would jeopardise progress the government had made towards peace in the province.

Mr Jim Nicholson, UUP chairman, said his party wanted devolution for Ulster and "would not countenance a devolved structure in Scotland only". He added: "We would be happy to be the guinea-pigs for new regional devolution arrangements – we, after all, have the most experience in this". He said that the UUP – which had nine MPs in the last parliament – would support a Labour administration if its policies were acceptable.

Mr Ken Maginnis, UUP security spokesman, said he may "make public" a recent letter he had received from Mr Major. He said it showed a "much more positive response" to Unionist demands for security in Ulster to be stepped up.

The UUP manifesto calls for:

- Restoration of the rule of law through the destruction of higher echelons within terrorist organisations.
- A clearly defined union, with the Queen in parliament remaining supreme.
- Removal of the Irish Republic's claim to Northern Ireland and an end to the Anglo-Irish agreement.

James Molyneaux: attacked the Liberal Democrats' ambition of participating in a coalition government

Total of overseas voters falls 10%

By Catherine Milton

THE number of overseas electors has fallen by more than 10 per cent since last year in spite of a £750,000 government campaign encouraging Britons abroad to vote.

Labour said the figures, down from 34,454 to 30,899, were a failure for the Conservatives, the main beneficiaries of the overseas vote. About 2.5m Britons living overseas are eligible to vote.

Labour said: "The Conservatives spent £750,000 of public money and £60,000 of their own pursuing overseas voters and the result is still a drop in the number registering."

The Tory party denied that the fall represented a failure, saying that the government advertising campaign was to publicise changes in the law allowing more Britons abroad to register.

Sources confirmed that the party spent about £60,000 on the political drive to win support from overseas electors.

Mr David Smith, director of Conservatives Abroad, which was set up to recruit financial and electoral support among overseas electors, said: "We think 70 to 80 per cent of those who have registered will vote for us. It may be a small number but in 1964 another 84 votes spread over three constituencies would have robbed Harold Wilson of his victory."

Joe Rogaly

Campaign diplomacy

If foreign policy determined the outcome of elections, the Conservatives would be assured of victory. You have merely to shut your eyes and think of Mr John Major and Mr Douglas Hurd working in tandem to protect our interests against the predatory and insane collection of foreigners that populates the globe. Comforting, is it not? No? Even if you cannot quite believe in Mr Major as, shall we say, Palmerston or Disraeli, Mr Hurd must appear on any list of first-rate foreign secretaries. It is at the very least reassuring.

It should be a strong election sell. The Labour party cannot match it. This is not a comment on the diplomatic or personal qualities of Mr Neil Kinnock or Mr Gerald Kaufman. For all we know of their behaviour, should they reach office the former may be the Attlee and the latter the Bevin of the 1990s, although I suspect that he himself would doubt that. Unfortunately for Labour, neither looks the part. Neither has the necessary experience. On this issue, their images are subsumed by those of the prime minister and Mr Hurd. For the duration of the campaign, the government's control of foreign affairs must be counted a Conservative asset.

The Tories have not always deserved such public confidence. Take just two post-1945 examples. Africa and Europe have frequently divided the party, to the detriment of the national interest. It is 30 years since Lord Salisbury called the then colonial secretary, Mr Iain Macleod, "too clever by half" for his cunning constitutional ploys during the process of withdrawal from Britain's African colonies. The phrase nearly destroyed the career of a man who is often cited as a role model by Mr Major. In the 1960s the Conservative right, which took first the Kenya settlers' side and later that of the white South Africans, was bitterly critical of the Tory left's de-colonisers. It derided the then Mr Harold Macmillan, whose "wind of change" speech filled the sails of the anti-apartheid movement.

Between 1983 and 1991 the Tories were nearly destroyed by squabbles over Europe. Arguments about Britain's stance within the Community led to the resignations of Mr Nigel Lawson and Sir Geoffrey Howe. The long-running schism – "real Corn Law stuff", as one senior minister put it at the time – eventually brought Mrs Margaret Thatcher down. This followed a challenge from Mr Michael Heseltine, whose celebrated departure from Mrs Thatcher's cabinet was precipitated by a European issue.

The government's control of foreign affairs must be counted as a Tory asset

Mrs Thatcher aimed to keep Britain in what she hoped would be a special relationship with the US. No harm in that. All her post-1945 predecessors, Labour and Conservative alike, had done the same. But her perception of the EC was distorted by suspicion of the motives of the Brussels administration. She did not trust the Germans, and had little time for the French. She was at heart an English nationalist. No doubt she still is.

Initially, she was also wrong about South Africa. She opposed sanctions at a time when they were a necessary weapon against apartheid. She was lucky: her support won the trust of the Afrikaners. That enabled her to be useful in facilitating the end-game. But you could not honestly conclude that in the period 1979-90 the principal strands of foreign policy were safe in the Tory government's hands.

Nor is it possible to be sure that the Tories will get Europe right if they stay in office. They still aspire to win the election, but on present form they can only hope to do so as either the largest party in a hung parliament or by a very slim overall majority. In that circumstance, the legislation following the Maastricht treaty – a new "Europe Act" – might be difficult to get through the Commons. A small handful of Thatcherite Europhobes could easily destabilise the proceedings. The never-ending postwar argument, which first kept us out of the EC and then on the periphery of its affairs, would be resumed.

Yesterday the Conservatives edged a little towards Mrs Thatcher's side of this argument, partly to disadvantage Labour and partly in anticipation of a renewed debate after April 9. "Conservatives favour a free enterprise and outward-looking Europe," said Mr Hurd. "Labour ... embraces the Community as a new source of regulation ..." The Social Charter, which the Conservatives refused to accept, would "destroy British jobs". He questioned Labour's judgment on this and other issues, such as nuclear deterrence, EC membership, South Africa and the single market.

It is fair political discourse, and it might do well in an election campaign in another age. The greatness or otherwise of Britain is ever a saloon-bar topic, although I suspect less so now than, say, in the aftermath of the Falklands or Gulf wars. The contest due to be settled on April 9 is, however, about domestic concerns, such as the recession, education, and health. Turn away from that map of Europe: it is through the sickbeds of England that Labour proposes to march to victory.

Labour broadcasts its national health warning

By Gary Mead, Marketing Correspondent

LABOUR'S election broadcast last night appeared to be something of a mystery to the party's press office.

The broadcast, scenes of which are shown below, showed a young girl in pain waiting for a National Health Service ear operation while another girl, whose mother writes a £200 cheque, receives private treatment.

The only available details were that the director was Mr Mike Newell, who made the film Dance With A Stranger about Ruth Ellis, the last woman to be hanged for murder in England; that the song used, Someone Really Loves You, was a cover version of a BB King song; and that the two girls were actresses. Production was thought to have been completed "quite recently".

Labour's press office said the broadcast's message was "prompted by a letter from a father whose daughter had to wait 11 months" for a quite common childhood problem known as "glue ear". But officials said it was not an exact re-enactment of the case.

Mr Neil Kinnock, the Labour leader, says in the film: "If the Conservatives win, they will continue to privatise the NHS and make it more like the American system."

The broadcast opens with the words: "The story of two girls with the same problem – one can afford private treatment, the other can't." It ends with the message: "It's their future, don't let it end in tiers."

PM says recovery conditions in place

BRITAIN'S economy was poised to come out of recession "in the right way" with low inflation, a stable exchange rate and a continuing flow of inward investment, Mr John Major said last night, Ivor Owen writes.

The prime minister gave an upbeat assessment of prospects for the economy and for the Conservatives' chances of securing a fourth successive general election victory when interviewed on BBC's Newsnight programme.

Mr Major said most economists agreed with the government's judgment that Britain's annual inflation rate would be less than 4 per cent next year, and would continue to fall.

He again insisted on a prudent approach to any further cut in the basic rate of income tax. While hoping to reduce it to 20p in the next parliament, he stressed that he had made no explicit promise to do so.

Lib Dems on attack over tax

LABOUR and the Conservatives are collaborating in a "tax is bad" campaign which will hinder future social provision by the government, Mr Des Wilson, the Liberal Democrats' campaign director, complained last night.

Liberal Democrats backed a one penny increase in the basic rate of income tax to fund £2bn extra spending on education because "it's the best investment we can make", he said in a speech in Aylesbury.

Mr Wilson said Labour had lost its traditional understanding of the value electors placed on the use of tax for developing transport infrastructure, education and health service.

Thatcher defends the union

MRS Margaret Thatcher said in Scotland yesterday that she did not believe Scots would abandon the union of the United Kingdom by choosing independence.

She said: "The union has done wonderful things for us all over the centuries. People may talk about breaking it but when it really comes to the point they will realise that you don't jettison something that has brought the world so much."

THE ISSUES: ENVIRONMENT

Greens may rely on economy's move from red to black

THE environment is not exactly a burning issue in this election. The Tories place it at the end of their manifesto; Labour assigns it to page 21 of its 28-page document; the Liberal Democrats put it higher up; but only the Green party gives it pride of place.

At the last election, pollsters tracked every blip in the Green party's fortunes; now they lump green voters in with "others". The recession is largely to blame – the main parties have much more pressing social and economic issues on their plate, and protecting the environment can look expensive when times are hard.

However, while green issues may have lost some of their sharpness, they have also moved into the political mainstream. Voters expect politicians to be green these days; the question now is how they set about it.

The Tories are fighting on what they call their record of achievement. Their manifesto stresses that their party is not one that makes wild promises and fails to deliver.

The keystone of the Conservative strategy will be to set up a new environment agency, a kind of super environmental watchdog that will combine the functions of the National Rivers Authority, the Pollution Inspectorate and local authority waste regulation. The body will have to produce an annual state-of-the-environment report.

The Tories also say they will press the EC to introduce integrated pollution controls on the UK model, something they are rather proud of.

If he wins, John Major will fly the green flag by going down to Rio for June's earth summit; he was one of the first national leaders to agree to attend.

However, the Tories look vulnerable on the environment. They may have lived up to some of their promises, but many were modest. The UK lags the rest of the EC, for example, in its plans to curb carbon dioxide and sewage emissions.

The daily battles between motorway builders and conservationists on Twyford Down in Hampshire coincide embarrassingly with the election campaign, and give Mr Michael Heseltine, the environment secretary, a distinctly anti-green tinge.

The Tories' policies also need to be tested against promises they are making in related areas, such as energy and transport. Can they curb the growth of traffic? Can they curb carbon emissions and still make British Coal an attractive privatisation prospect?

Labour will be targeting the Tories' "laggardly and reluctant" green policies. Their central pledge is to establish a legal right to a clean environment, though the party has yet to spell out what this means.

There will also be greater freedom of green information, and EC-driven environmental impact assessments. Labour wants to subject every policy to environmental appraisal, co-ordinated by a newly created cabinet minister for environmental protection. There will be an annual "Green Book" on the environmental impact of government policy.

Pollution rules will be enforced by an independent environmental protection executive, and there will be more stress on curbing waste and on eco-audits for business. Trade in toxic wastes will be banned. Mr Kinnock would also go to Rio if he wins.

Labour's policies seem to tie in more logically with its plans to invest heavily in public transport and curb traffic growth. However, its commitment to the coal industry must raise questions about its ability to deal with carbon dioxide unless it promotes an effective energy efficiency campaign.

The Liberal Democrats promise a far-reaching fiscal and regulatory package to clean up the environment. There would be tough targets for cutting pollution, backed up by measures such as an energy tax, emission licences and the scrapping of the nuclear-power programme. Heavy investment would go into public transport, and money would be spent on roads only where necessary.

The Green party manifesto goes well beyond the symptoms of pollution to tackle what it believes are the root causes: poverty, a tax system that penalises work rather than use of resources, and a Gatt regime which discourages environment-friendly rules.

There is a lot about cyclists, windmills and energy-efficient light bulbs, yet the manifesto makes by far the most interesting reading of the four and will cause some voters to wonder whether the main parties are only tinkering with the problems.

The Greens are fielding 250 candidates. At the last election they polled 1.5 per cent of the vote, though they managed to get up to 15 per cent in the 1989 European elections. However, they may have to wait until the next boom-time election to raise their showing.

David Lascelles

- Labour win/Conservative defeat stocks .... 99.10 + 0.56
- Conservative win/ Labour defeat stocks .... 93.35 - 0.11
- FTSE .... 97.46 + 0.73

THE prevailing pattern since the election was called reasserted itself yesterday, as shares that might benefit from a Labour win outperformed those that might do better if the government remained unchanged.

"Labour gainers" rose by less than the FT-SE index, but are still less than a percentage point below the level at which they started.

No change on the bunometer

They take their politics seriously in the West Country. Not content to wait for the outcome of the general election, voters in the Somerset seaside resort of Minehead are expressing their political preferences daily through purchases at the local baker's.

Steve Wells, proprietor of the Wheatsheaf Bakery in The Parade, is baking and selling buns with icing to match the colours of the political parties and recording purchasers' preferences through a bunometer in the shop window.

The results of the political bun-fight are unequivocal. Of the 250 buns sold since baking started on Saturday, 51 per cent have been blue, 37 per cent yellow and 12 per cent red.

Psephologists might note that the bun breakdown exactly reflects the running order in the constituency at the last general election. Minehead lies within defence secretary Tom King's safe Conservative seat of Bridgewater: the turnout for the blue buns is identical to the 51 per cent vote for King in 1987. The SDP Alliance polled 30 per cent that year, and Labour 18 per cent.

Flavour cannot be a factor since, apart from the colour of the icing, all the buns are the same.

In at the top

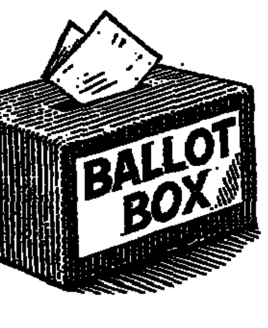
One man who could be much in demand should Labour form the next government is Lord Richard of Ammanford QC. Still perhaps best known as Ivor Richard, he is being mentioned as a possible Labour leader in the upper house should the present incumbent, the 75-year-old Lord Cledwyn, wish to give way. He is also well in the running for the Lord Chancellorship, where Lord Mackay of Clashfern would not survive a change of regime. There is also talk of his returning to Brussels as Britain's senior commissioner at the European Community.

So what is Richard doing during the election? He says he is getting on with his legal work and has written to Jack Cunningham, who is organising the Labour campaign, offering his services. Nothing is yet fixed, but Richard is likely to be seen helping Alf Dubs to fight the marginal seat of Battersea.

Richard was MP for nearby Barons Court from 1964 to 1974. Harold Wilson then made him Britain's permanent representative at the United Nations, after which he had what may turn out to be a first spell as commissioner in Brussels. Now aged 60, he is clearly open to offers, but talk of Brussels surprised him.

Dunkirk spirit

Paddy Ashdown's energetic election tour is in danger of becoming a trifle eccentric. Liberal Democrat strategists are considering adding a brief foray into northern France on Sunday. The objective would be to stress Liberal Democrat support for European union – though it would destroy any pretence that the leader's campaign is about meeting real voters.



Journalists following him, however, are much attracted by the idea. After flying to all points of the UK in the past 10 days, they are looking forward to the chance of some duty frees and a decent meal.

Mellor's gap

The Conservatives will have to be more careful with their arithmetic. David Mellor, the chief secretary to the Treasury, repeated again yesterday the charge that John Smith's shadow Budget would represent "the largest ever increase in taxation" during peacetime. He was wrong.

The Treasury's own figures show that the £6.8bn which would be raised in a full year by Mr Smith's plan to abolish the National Insurance ceiling and introduce a new 50p top rate of income tax is comfortably below the equivalent increase raised by Sir Geoffrey Howe in his 1981 Budget.

Sir Geoffrey's decision to respond to the 1980-81 recession with a swingeing cut in public borrowing added £4.3bn (relative to an indexed tax base) to revenues. In today's prices that would amount to £7.9bn. The Conservatives might recall that Sir Geoffrey's package was judged subsequently to have been the turning point for the economic success of the 1980s.

Cold and dark

Many candidates are fondly recalling the days of Mrs Thatcher when elections were held in late spring or early summer. Today the cold is a factor.

Andrew Pearce, the former Euro-MP trying to hold Ellesmere Port and Neston for the Tories, is struggling on in a dark blue suit without an overcoat to try to project the right image. One pensioner recoiled two feet, startled as he shook Pearce's frozen hand.

"It's like doctors examining patients. You shouldn't do it with cold hands in case you make them jump," Pearce said.

He is developing a technique of running between front doors to keep his circulation going, with his right hand thrust inside his trouser pocket to soften its impact on unsuspecting voters.

Then there is the dark. Lynda Chalker recalls that she was once dragged inside a house by a man when canvassing alone in London in her youth. "I used my knee and nails and fought my way out." Now she has a man with her when canvassing at night. But many people will not open their front doors to anyone much after 8pm.

Like most candidates, she is looking forward to summertime to begin at the weekend. Then, of course, the weather could change for the worse. There has not been much snow so far.

BUSINESS AND THE ENVIRONMENT

Erasing the black marks

John Hunt on a controversial proposal to register contaminated land

The UK government's recent decision to postpone the introduction of public registers of contaminated land has given the property industry a breathing space for the next few months.

Local authorities were due to start drawing up the registers on April 1 under the section 143 of the Environmental Protection Act. But the industry protested that the scheme would severely blight much building land and knock millions of pounds off the value of property already built on such sites.

Following strong opposition the Department of the Environment will have further consultations with the construction and property industries and bodies such as the Royal Institution of Chartered Surveyors (RICS).

Friends of the Earth estimates there are 100,000 contaminated sites in the UK including old chemical plants, disused mines, 6,000 former rubbish tips and 5,000 old gas works. Herbert Smith, the law firm specialising in the environment, says the clean up could cost between £100,000 and £1m per acre. Many sites contain chemicals and toxic metals that can pollute water sources or methane gas that can cause underground fires and explosions.

An estimated 100,000 polluted sites in the UK need to be cleaned up

Developers are not opposed to the registers in principle but object to the form proposed by the government. The DoE found it would be too expensive and time consuming to draw up lists which would accurately assess the state of contamination on each site. So it settled for a system which would include all sites known to have been put to a contaminative use.

Contamination would have been negligible in many cases and some land might have been rendered harmless by expensive de-contamination treatment. Nevertheless they would have appeared on the registers and remained there permanently. There was no right of appeal against the decision.

"The scale of the impact is vast," the RICS complained to David Trippier, minister for environment. "We believe hundreds of thousands of sites could be effectively sterilised for re-development – up to 30 per cent of the Black country for example."

The House Builders Federation told Trippier that unless the measure was amended it would have "a damaging and prolonged effect on the housing market." Many modern housing estates, business parks and out-of-town shopping centres are built on previously polluted sites which have usually been given de-contamination treatment.

The registers would affect many properties held by government departments and block attempts to rejuvenate derelict inner city areas where much of the contaminated land is located. Ironically, the building which houses the Department of the Environment in Westminster would be on the list as it was built on the site of a old gasworks.

The National Rivers Authority, the official watchdog for water quality, is alarmed at the amount of pollution seeping into rivers from old sites. In the Black Country it has identified 200 badly contaminated sites and is drawing up a programme for tackling the worst of them.

Under the Water Resources Act it can clean up a site and reclaim the cost from the person who "caused or knowingly permitted" pollutants to get into rivers. But it is difficult to identify the person guilty of old pollution and current owners could be made bankrupt if they are forced to pay.

Attempts to solve the problem will continue whichever party is in power after the general election. In a policy paper, Judith Denner of the DoE's contaminated land branch says: "Registers are only part of the government's overall strategy. The next step is to establish the need for follow-up action on registered sites."

Lessons of the jungle

When *Pauline Tomkins* joined Rockware Glass, the UK glass manufacturer, little did she know that part of her training as product manager would involve counting birds, butterflies and plants in the pouring rain in Majorca.

At British Coal, Jason Parker, a management trainee, was similarly puzzled when his company told him he was going to Wales to plant saplings.

Both were taking part in what could well be the 1990s' version of the outward bound course – research and conservation projects organised by Earthwatch, the environmental charity.

Earthwatch sends "volunteers" around the world on the equivalent of working holidays – helping scientists with such projects as monitoring the mating rituals of moths in Ecuador or excavating bison skeletons in Nebraska.

The difference from a normal working holiday is that "volunteers" pay to participate – anything up to £1,200 plus air fare for a two-week project. The money that Earthwatch receives is used to finance the scientists' work.

Earthwatch has sent 32,000 volunteers on projects since starting up in the US 20 years ago. Now it is looking to increase links with business and industry to raise more money for environmental science and help improve what it calls the "environmental literacy" of companies.

Earthwatch believes the projects are relevant to businesses because they can teach their employees teamwork while enhancing specialist knowledge. Andrew Mitchell, deputy director of Earthwatch Europe, which started up two years ago, says: "Many people sitting behind desks have skills they do not immediately recognise as being useful to the environment – computer analysts, surveyors and architects could all contribute."

The itineraries are demanding. Volunteers might have to rise with the dawn, work in all sorts of weather conditions, walk miles every day and all the while get along with strangers.

Rockware was one of the first UK companies to sponsor employees on Earthwatch projects. One of those chosen was Alastair Pike, the company's marketing manager, who went to study the wetlands of Albufera in Majorca. His experience made him more environmentally aware, says Pike. "Plastics has not got a good image environmentally and I almost felt I was acting against my conscience by working for an industry that in the eyes of the outside world could be causing the environment harm."

On his return he increased the company's involvement in plastics recycling, organising a presentation by *Recoup, the non profit-making plastics* recycling organisation.

BAT, the tobacco group, also chose Earthwatch when deciding to increase its environmental commitment. "We looked at a whole series of environmental initiatives and liked Earthwatch's personal involvement and commitment," says Helen McDonald, external affairs officer. The group ran an in-house competition for four places on Earthwatch projects, and the winning employees are expected to produce a report on their return.

Companies can also get involved by becoming members of the Earthwatch's Corporate Environmental Responsibility Group; through one-off donations; and by sponsoring project places for teachers or students. British Airways, for example, is sending four teachers from local communities on projects. "We have a 'good neighbour' goal. It's one way of improving our interaction with the community," says Hugh Somerville, head of environment at BA.

Hilary de Boerr

URBAN AIR POLLUTION

Third world city, first world smog

Bangkok chokes on success, says **Victor Mallet**

YOU DON'T need to be a scientist to know that Bangkok's *air is filthy as well as* hot. Choking clouds of building dust, diesel smoke and burnt engine oil from two-stroke motorcycles assault the lungs and nostrils of pedestrians. Traffic policemen often wear face masks and bus passengers unable to afford the luxury of air-conditioned transport hold a handkerchief to mouth and nose as they crawl to *work in the city's notorious traffic jams.*

A group of US and Thai experts recently confirmed what some people had already guessed: Bangkok's environmental problems are legion (only 2 per cent of its 9m inhabitants are served by sewage facilities, for example) but air pollution probably has the worst impact on human health.

Their report, Ranking Environmental Health Risks in Bangkok, published by the US Agency for International Development *(USAID), concludes that both airborne dust* and lead pollution are particularly serious problems.

Reliable data on pollution in Bangkok are rare, but the authors describe the level of particles as "a serious threat to public health" which could lead to 1,400 deaths a year. According to the Thai government, even the lowest reported average blood lead levels in Thailand are three times as high as those in the US or western Europe.

The reasons for Bangkok's environmental crisis are not hard to find. Thailand has undergone very rapid economic expansion and industrialisation over the past two decades. Much of the growth has taken place without the benefit of planning and has been centred on the Bangkok metropolitan area. Its infrastructure has been overwhelmed by an influx of factories, vehicles, people and the residential and office blocks thrown up by property developers.

Vehicle sales in Thailand have been growing at about 35 per cent a year – with 500 vehicles added to the streets of Bangkok each day – and the Bangkok region now accounts for three quarters of the country's industrial gross domestic product. Environmental regulations which do exist in Thailand are as often honoured in the breach as in the observance.

As Bangkok began to choke on its own economic success, however, increasingly prosperous *city residents* resentful of pollution found common cause with businessmen worried about profits and officials anxious to lure more tourists to Thailand. Non-governmental organisations sprang up to fight for green causes and the newspapers started to publish a torrent of articles about the environment.

The authorities were forced to take note, and the last government – installed by the armed forces to run the country between their coup d'état 13 months ago and this week's *general election – has been active in* implementing environmental projects.

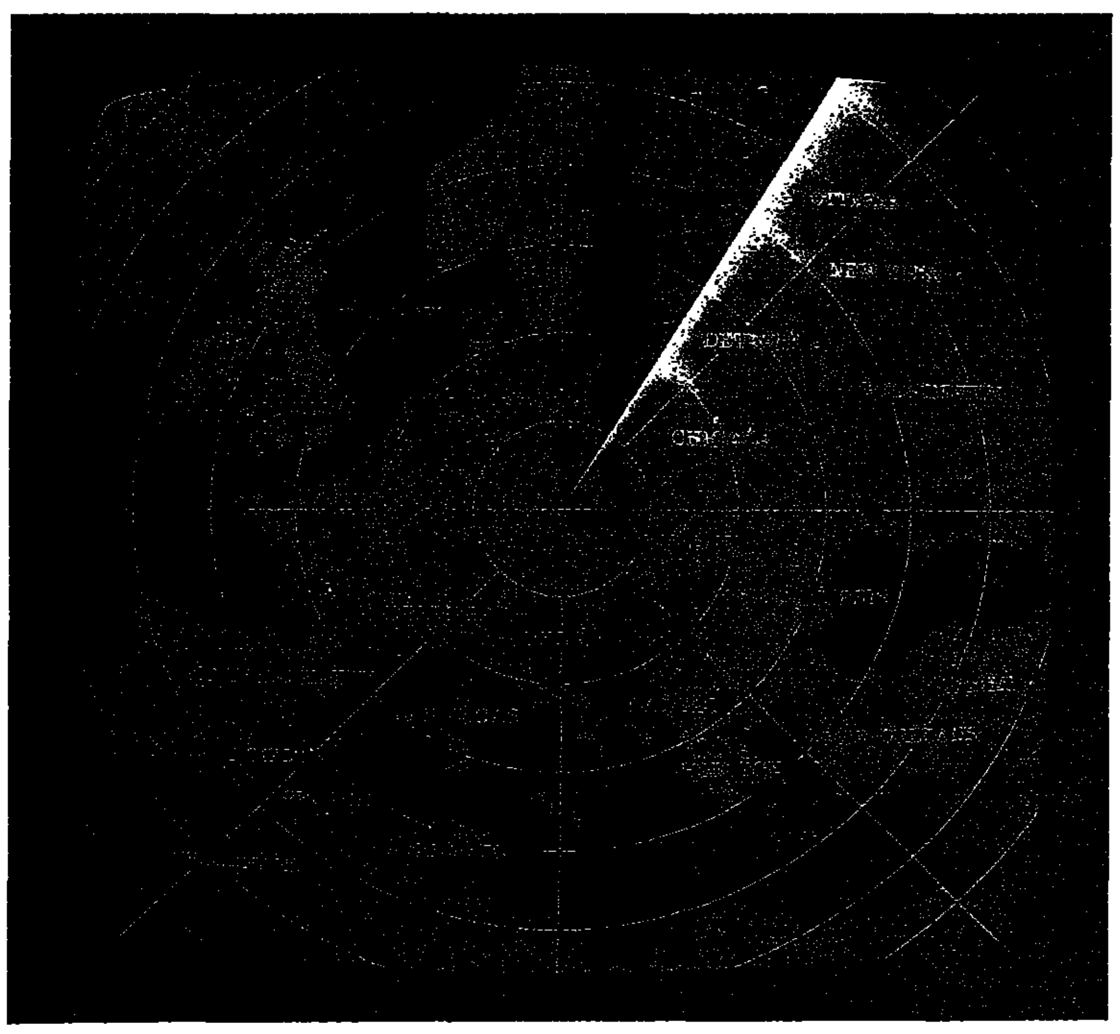
Anand Panyarachun, the outgoing prime minister, boasted this month of his cabinet's record in championing the introduction of unleaded fuel in May last year and creating an environment fund to help businesses adapt to new environmental demands.

At the same time the government has required local refineries to reduce the lead in petrol and to adjust crude oil distillation procedures in order to make lighter diesel which produces less smoke when burned. This week new rules come into force requiring the use of low-smoke lubricants for two-stroke engines.

Perhaps just as important in a city with no underground railway system are the government's efforts to push through three mass transit projects worth some $6bn. If the conflicts between the proposed Hopewell road and rail project, the long-delayed SNC-Lavalin skytrain and the Bangkok Metropolitan Authority light railway can be resolved, the city's road traffic problems and the associated pollution might be eased.

Bangkok may yet turn out to be a city so horrified by its own environmental degradation that it starts to correct mistakes with the wealth that Thailand's economic development has generated. "If you walk on to the streets of Bangkok, the seriousness of the pollution issue is evident," says Dhira Phantumvanit, director of the Natural Resources and Environment Programme at the Thailand Development Research Institute. "At least with countries at our level of development you have money to invest in pollution control."

Previous articles in the series appeared on February 19, 26, March 4, 11 and 18.



MANAGEMENT

Getting the chemistry wrong

Karen Zagor investigates Dow Corning's response to the breast implant scare

No company is immune from crisis. Even the most solid companies, *selling the best established* products, can get into trouble and all the fail-safe management systems in the world may not be enough to get them out of it.

Silicone gel breast implants had been on the market for decades and Dow Corning had sold them for almost 30 years. The company's reputation was unsullied: it prided itself on having one of the best corporate ethics programmes around.

Yet last winter, a San Francisco woman was awarded $7.3m (£4.2m) in damages and Dow Corning charged with knowingly selling a defective product. Within months, Dow Corning's handling of the implant crisis was being compared with Exxon and the Valdez oil spill or A.H. Robins and the Dalkon Shield débâcle as the furore over the devices grew.

In the face of mounting lawsuits, political controversy and congressional investigations, the Michigan-based company last week said it would withdraw from the silicone breast implant business altogether.

The combative way in which Dow Corning initially responded to the controversy was a classic case of crisis mismanagement, and succeeded in sabotaging the company's reputation. It failed to adhere to the the golden rule: when things go wrong, accept responsibility and maintain good relations with the public. That way, Johnson & Johnson managed to limit the damage from its tainted Tylenol pain killers.

Handled properly, the implant scare need not have attracted so much adverse publicity to Dow Corning. Implants account for less than 1 per cent of the company's $2bn annual sales. And the safety issue is far from resolved – they have not been proven safe, but they have not been proven unsafe either.

Before the controversy, Dow Corning was generally seen as *whiter than white*. "*If you had* asked me six months ago, I would have used Dow Corning as an example of how a company can put into place a process that prevents something like this from happening," said Kenneth Goodpaster, a former Harvard business school professor now at the University of St Thomas in St Paul, Minnesota.

On paper, the ethics system – started in 1976 – is thorough. The company established a business conduct committee with six managers serving three-year terms and devoting up to six weeks each year to committee work.

Each Dow Corning business operation is audited by the committee every three years. Results of the audits are reported to a three-member audit and social responsibility committee of the board of directors. Employees are also encouraged to raise ethical issues.

Dow Corning says it is still trying to find out how, with all these safeguards in place, serious questions of safety did not arise earlier, although the silicone implant business had been audited four times in nine years. Executives believe the process *itself may be flawed, since* safety was seen as more of an operational than an ethical issue.

Corporate image and complacency may also have played a role. Dow Corning, a 50-50 venture between Dow Chemical and Corning Inc, is primarily an industrial supplier and does not have the sense of corporate accountability of most healthcare companies. Furthermore, the implants were regarded as more of a cosmetic than a healthcare product. *Silicone had been* used for many years with so few side-effects that its safety was never seriously questioned.

Keith McKennon Dow Corning's new chief executive

Although there had been scattered reports of health problems for years, they only recently started to gather momentum. "It was a case of being too close to the forest, so they missed the trend," says Viren Mehta, an analyst at Mehta & Isaly a pharmaceutical investment researcher in New York.

He argues that "it was the classic tale of management who had been in place for a long time and were not sensitive enough to changing perceptions. They did not see that the newer reports of side-effects carried more weight."

The lack of corporate concern about safety was not for lack of information. Memos and internal documents dating from 1976 outline safety concerns from doctors, sales agents and Dow Corning employees.

Yet, when the San Francisco court awarded damages last winter and charged Dow Corning with concealing evidence that linked ruptures in the implants with autoimmune disorders, the company responded with cries of outrage. And when the Food & Drug Admin*istration (FDA) launched its own* investigation, the company resisted turning over its internal documents for several months.

By the time Dow Corning finally agreed to release *those* documents, and the public learned that the company had known about safety problems for more than a decade, Dow Corning was in deep trouble.

The company has belatedly adopted a more conciliatory stance. In January, it hired Griffen Bell, Attorney-General under President Carter, to investigate. Bell, with a panel of scientists and medical experts, will look at how the implants were developed and marketed. Dow Corning says it is premature to say what went wrong until Bell's findings are publicised.

Meanwhile, Lawrence Reed has been replaced as chief executive by Keith McKennon, a former Dow Chemical executive with a reputation for diplomacy who helped to steer Dow Chemical through the Agent Orange scandal in Vietnam.

Although the company has denied all charges of wrongdoing, and is appealing against the San Francisco judgment, it has offered to pay $1,200 towards implant removal for women who could not otherwise afford the surgery. An estimated 750,000 women around the world have had Dow Corning implants, bringing the theoretical cost to more than $900m.

Dow Corning has taken a $25m fourth quarter charge to cover legal and other costs related to the controversy. It also has $250m of insurance to cover potential legal costs and plans to invest $10m in further research.

The very worst that could happen is that the weight of pending litigation could force the Dow Corning into a Chapter 11 bankruptcy filing. But even if the company's finances escape unscathed, it has a long way *to go to restore its credibility.*

Now for something completely different

Employers in Britain are making growing use of secondments to help train new recruits, broaden the experience of managers in mid-career and encourage those retiring early or made redundant to find new skills.

The Action Resource Centre (Arc), which organises secondments from the public and private sector into community projects, handled 425 placements in the past year.

Examples include seconding a British Gas manager to a Tower Hamlets community project which helps unemployed young people to set up their own businesses, and getting a British Rail customer relations officer to teach English to Vietnamese refugees.

Hilary Stokes, who is organising the first Careers Research and Advisory Centre (Crac) conference on secondment in Birmingham next week, says the increase is in part due to recession.

Sometimes secondments form part of an "outplacement package" for employees who are made redundant, or are used as an opportunity to provide managers in the middle of their careers with the opportunity to try something different. Usually, young and mid-career managers return to their employer but occasionally they decide to stay with their host organisation.

But Stokes says the growth in secondments also reflects a greater awareness of what personnel managers call "resource development" – training staff, planning careers and broadening managerial skills.

There is also an expanding interchange between industry and the education sector. Large- and medium-sized businesses take students on for short work experience secondments, while according to Crac, 26,500 teachers spent some time in industry last year and about 500 business and industrial managers were seconded to educational establishments.

Paul Taylor

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Time for action in affairs of the heart

Dr Michael McGannon looks at how to arrest potential cardiac problems


HEALTH CHECK

What is killing us these days? As nations become more developed and people more sedentary and dependent on technology, they become more prone to the diseases of affluence.

Cardiovascular disease is the number one killer in the developed world. Heart attacks and sudden death often occur without warning in people with no previous history of heart trouble. According to the World Health Organisation, of the 11m deaths a year in the west, a third are due to heart disease and strokes.

Business people may be at high risk without realising it. Indeed, many might appear to be deliberately courting heart disease.

When you set your long-term business plan, is your main aim simply to avoid going bankrupt? Obviously not. As business leaders, you set many goals for the company and keep a constant watch on the profit margin. Your health demands a similar approach.

The four factors over which you can have some control and which affect your chances of heart disease are smoking, high blood pressure, high blood cholesterol and excess weight. Each will be discussed in future Health Checks

The heart is a small muscular organ, about the size of your fist weighing between 10 and 16 ounces. While you are reading this column, at rest, it is pumping five litres of blood a minute (200m litres of blood in a 75-year lifetime) to all organs of your body, carrying with it, among other critical substances, oxygen, glucose and cholesterol.

While you are running for an aircraft at Heathrow or are stressed at a board meeting, the heart responds by increasing the rate and pumping capacity up to 22 litres a minute. Attempts to duplicate this natural miracle by man-made means and artificial hearts have defied the best minds in medicine.

To perform its daunting tasks, your heart needs attention now, before it starts telling you that things are going wrong.

The coronary arteries – small calibre vessels that carry the heart's own blood supply – will not develop *symptoms* until they are 75 per cent blocked.

But once the arteries are blocked and producing symptoms – such as angina – your options are already severely limited.

Most businessmen depend on three myths to avoid taking action.

The first is that to get the benefits of health and fitness, you need to become fanatical – jogging at lunchtime and so on. In fact, becoming obsessed with anything (including exercise) is unhealthy. Go for balance that lasts.

The *second* great myth is that optimistic feeling that disease always happens to the other guy. We are all susceptible.

Finally, there is a common complaint that taking care of yourself is pure drudgery: eating rabbit food, cutting out all alcohol, sweets, coffee and rice food. Contrary to popular myth, you can have your cake and eat it too. But you will need to have enough information to make intelligent decisions regarding your health.

However, there are no magic wands, pills, special weekends, or vacations when you will be able to "clean it all up". Building up a health and fitness reserve will take time and energy, but is your best investment.

The author is the medical director of the Insead Business Health course.

PEOPLE

From Kwik Save to Hillsdown

Hillsdown Holdings' search for a finance director to replace Kevin O'Sullivan, who left after totting up the food processing group's recent annual figures, has been concluded with the appointment of Simon Moffat. Currently finance director at Kwik Save, the discount grocery retailer, Moffat will finalise Kwik Save's interim results before moving to Hillsdown in June.

Moffat, 39, spent 14 years with Unilever and two with Grand Metropolitan before joining Kwik Save in 1990. He says that his experience of working for a number of "strong-minded chief executives" will be helpful for his job at Hillsdown. And he is keen to work for an international food group again. He vows that Hillsdown will use the proceeds of its recent, controversial rights issue wisely.

Meanwhile Kwik Save has promoted John Murphy, head of its Coleman's subsidiary, to take over the role of deputy managing director from Frederick Mills who will be retiring next February. Kwik Save says it will announce a replacement for Moffat as soon as possible.

■ Lowndes Lambert, the insurance broking group which was floated last year, has reached into its past with the appointment of *Sir Robert* Clark to be its non-executive director and deputy chairman. Roy Watts, non-executive chairman, is retiring and Richard Shaw, currently chief executive, becomes executive chairman.

Sir Robert, well known in the City, was chairman of Lowndes' former parent company, Hill Samuel, at the time of the group's management buyout in 1987. He was also a director and deputy chairman of TSB Group between 1989 *and 1991.*

Currently he is a director of Shell Transport and Trading, Alfred McAlpine and Vodafone, and vice chairman of SmithKline Beecham.

Goode returns from US for Rank Xerox

Rank Xerox, jointly owned by Xerox Corporation and the Rank Organisation, is bringing back William Goode, who had spent a six year spell with Xerox in the US, as its new director of finance and control.

He replaces Jack Milligan, 58, who in turn moves to the Xerox headquarters in Stamford, Connecticut to advise Paul Allaire, the chairman of Xerox, on the business relationship with the Japanese *affiliate* Fuji Xerox.

Goode, who is 44 and English, has spent the past three years as finance director of the Americas operations of Xerox, which comprises the Americas excluding the US, and the Middle East. In terms of revenue, he says that area of *responsibility* amounted to just over half that of Rank Xerox. Before joining Rank Xerox in 1977, Goode had worked at British Leyland, where for the past five years he had been financial controller of the Cowley complex.

In the year to October 1991, Rank's profits dipped modestly, but still delivered what managing director Bernard Fournier called "an excellent result", given the environment. Goode said yesterday that "while we are always concerned to *achieve* improvements in efficiency, we are also looking for growth in market share, in both mature and emerging markets. We have a very powerful array of new products."

■ Tom Cannon, the long-serving managing director of BSG International, the motor components, vehicle distribution and consumer products group, is stepping up to chairman next year. Astley Whittall, 68, the present *incumbent, is to retire.* The new managing director will be Richard Marton, currently running the consumer and special products division.

This orderly succession reflects the BSG policy of promoting from within. Cannon, now 63, has worked his way through the group, starting as a cashier in 1951. Whittall has been chairman for 11 years. Marton, who joined BSG as the result of a takeover 19 years ago, has been with the group for a shorter time than any of the other executive directors.

■ Wess van Riemsdijk, md of Whitbread Inns, has been appointed to the WHITBREAD board.

■ Michael Pitt-Payne has been appointed company secretary of CAPE, on the retirement of John Sparkes.

■ John Moses has been promoted to product director (backhoes and loadalls) at JC BAMFORD EXCAVATORS; he began his career there in 1970 as a design engineer after completing an apprenticeship at Rolls-Royce.

■ Michael Callis, md of Venners, is appointed to the board of parent company CHRISTIE.

■ Christopher McKenzie has become company secretary of the HOUSE OF LEROSE on the resignation from that post of Arthur Maddison, who remains a director.

Clarke fills first chair in corporate governance

Corporate governance, recently the bane of the British boardroom, has now been elevated to *the role* of an *academic* discipline.

Leeds Polytechnic will offer the first chair in corporate governance, with half the cost to be sponsored by Drake Beam Morin, an executive outplacement consultancy.

The chair will be filled by Thomas Clarke (right), previously a senior lecturer at Nottingham Business School, lecturer at St Andrews University and a visiting professor at FGV Business School, Sao Paulo.

Clarke's doctorate focuses on control in several industries, including the British newspaper industry. In 1975, he first met the late Robert Maxwell at the Scottish Daily News in Glasgow and completed a detailed study of his business practices.

This work is only now being published because of threat of litigation.

Clarke's role during his three-year appointment will, among other things, involve studying the pressures of short-termism on corporate decision-making and "inquire into the competencies of directors".

And why is an outplacement firm interested in promoting the study of such things? "We're interested in good management generally," a spokeswoman explains.

TELEVISION

Perverse appetite for mumbo jumbo

The "New Age" with all its anti-rational fancies is upon us and there is a growing tendency towards the credulous on television, which should be nipped in the bud. It is less important in drama than in journalism. *Moon And Son* has been a pretty silly series, yet it would be wrong to campaign for its removal solely on the grounds that it encouraged belief in astrology, psychokinesis and other supernatural mumbo jumbo. If that was our aim it would be more important, as late in the day as 1992 in what we are perpetually assured is a "multicultural society", to oppose the way that the BBC continues to cleave to just one of the world's many supernatural religious faiths. Anyway, fiction has always been chock full of the occult, from the witches in *Macbeth* to the ghosts in *Truly, Madly, Deeply*. We may justifiably look to fiction to cater for what is obviously a huge appetite for the mystical.

But it should play no part in journalism. It is embarrassing to find a supposedly serious programme such as the BBC's *QED*, which bills itself as an "investigative science series", chasing after a herbal cure-all in the Arizona desert. For centuries there have been snake oil salesmen on the roads of America, but it is not the job of serious journalists to encourage belief in their products. The chap publicised by *QED* was a regular observer of flying saucers who claimed to have got the formula for his nostrum from a Red Indian medicine man. If anyone had started out genuinely believing his was the ultimate wonder drug (it is said to cure baldness as well as cancer) one researcher operating alone could have discovered the truth of the story in 48 hours, without the huge expense of taking an entire film crew into the desert. The BBC's Science And Features unit should be ashamed of itself.

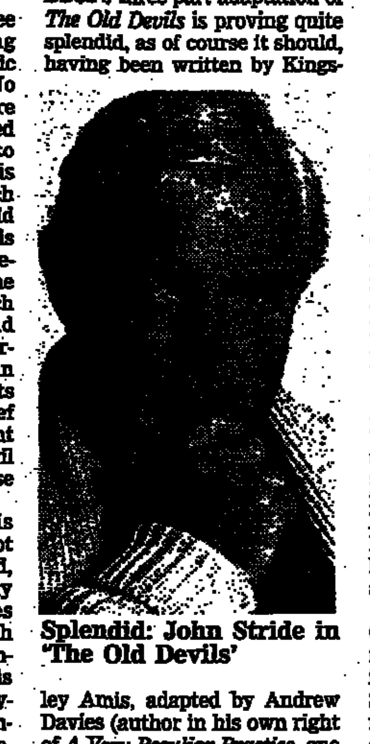
★

Worse by a considerable degree is Channel 4's continuing encouragement of the "Satanic Ritual Abuse" industry. No doubt over the centuries there have been people who dressed up as devils or witches prior to sexually abusing children. It is hard to see that it makes much difference to the abused child whether or not the abuser is wearing a pointed hat or pretending to be Lucifer: it is the abuse that matters and which should be rooted out and stopped. But the SRA merchants, among them Christian fundamentalists and socialists who have seen their belief systems crumbling, are intent upon convincing us that devil worship allied to sexual abuse is rife in Britain today.

The lack of evidence is clearly a difficulty (though not in the US, origin of this fad, where the SRA hunters say "You see? That just proves how clever they are!") but each programme contains one seemingly telling exhibit which is tricked out with endless ooky-spooky footage of people looming out of the mist on Hampstead Heath. In the most recent *Dispatches* programme the "evidence" was a peculiarly nasty bit of "satanic" video which we were told was being investigated by Scotland Yard. Now it turns out (according to the London listings magazine *Time Out* which has a pretty reliable line on these things) that the video was created nine years ago for the Genesis P-Orridge rock group. The trouble is that in allowing the hunters of Satanism to keep on and on, Channel 4 eases the public towards dismissing the whole thing – including genuine abuse of children.

★

BBC2's three-part adaptation of *The Old Devils* is proving quite splendid, as of course it should, having been written by Kings-



Splendid: John Stride in 'The Old Devils'

ley Amis, adapted by Andrew Davies (author in his own right of *A Very Peculiar Practice*, one of the funniest drama serials this decade) and with a cast that will have future generations marvelling: Sheila Allen, Anna Cropper, Bernard Hepton, Elizabeth Spriggs, John Stride, and more. It is packed with typically wicked Amis lines, right from the off when the home-going London Welshman, Alun, tells the minicab driver "We're going to Paddington, would you know that at all? It's a railway station" – a line that was actually invented by Davies, though you have to check the book to be sure, so good is the faking. But however enjoyable the wit, however impressive the ensemble acting (very), however scathing the view of professional Welshness, the true power of this piece is in its observation of the shift from middle to old age.

There is a fearful honesty about Amis at his best, and this is the best since *Lucky Jim*. Behind the surface humour you sense the baleful eye of a weary Everyman, measuring the human race and finding it pathetic, hypocritical, cowardly, unctuous, and pretty well unchanging. Of some writers you could go on to say "Nevertheless he loves them individually" but with Amis the truth seems to be that he doesn't. Certainly he sees the comedy of their lives, senses the absurd, but finds it in himself to like them very little. Indeed, despite all the laughter he creates he seems to be a pretty thoroughgoing misanthropist.

★

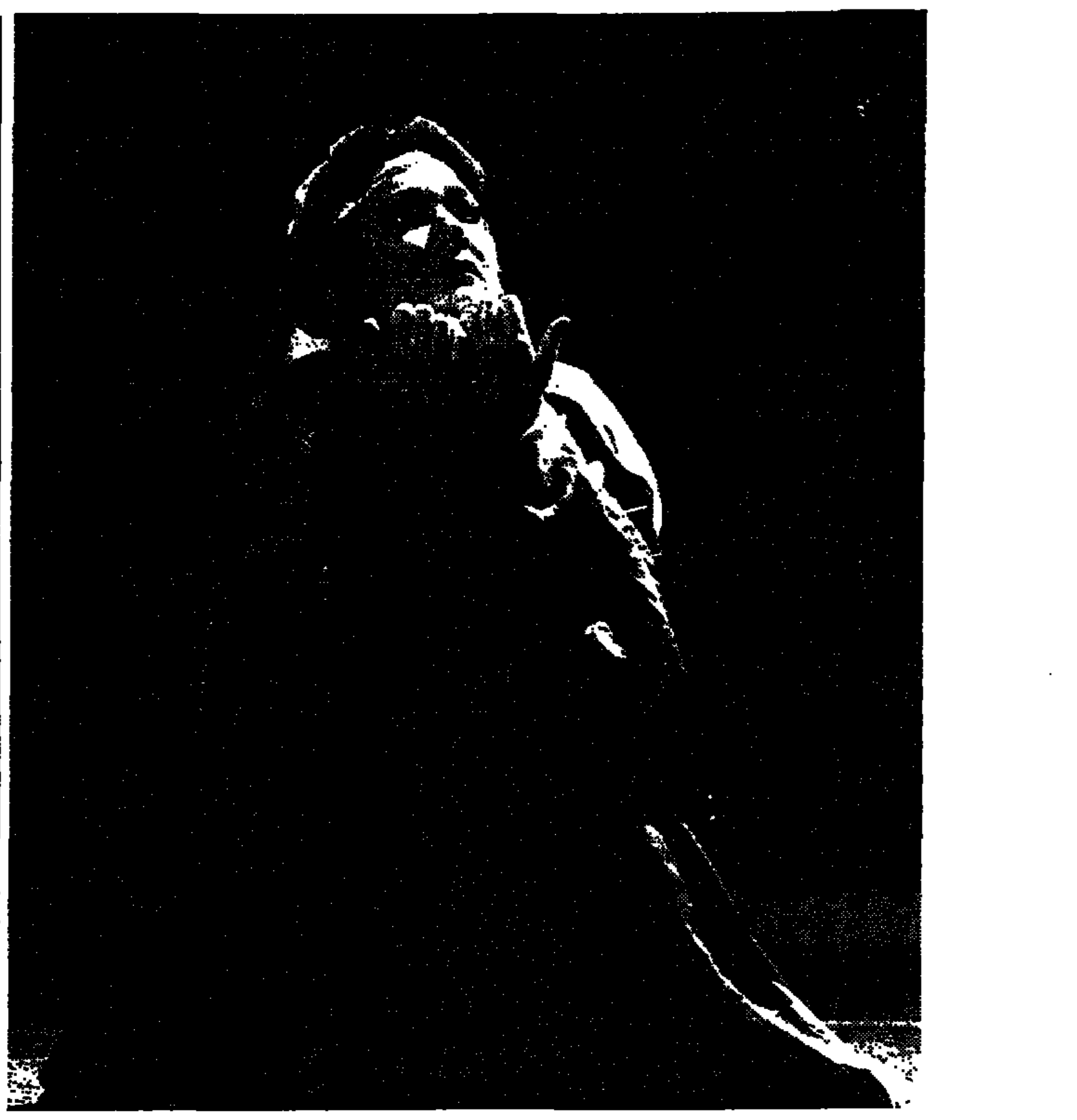
Comic misanthropy is a powerful brew, and one you do not find on American television. Series such as *The Golden Girls* may get close to the bone occasionally, but American network managers would be put off by anything that was not consistently "positive". British television, on the other hand, is rich in this area. As time passes Carla Lane's work becomes increasingly misanthropic: her funniest series (it may be significant that other writers contributed) was her first, *The Liver Birds*. Subsequent series have become more and more like situation tragedies: *Butterflies*, *Solo*, *The Mistress*. In *Bread* there seemed to be a deliberate policy to make the lines funnier, but even then the view of life was often jaundiced.

With *Screaming* on BBC1 we are definitely back to melancholia in general and animosity towards men in particular. Admittedly Carla Lane does not let women off lightly: Jill Baker, Gwen Taylor and Penelope Wilton (another superb collection of actresses, is there truly poor acting somewhere on television which I miss?) share a house, are about to discover that they have shared the same lover, and are keenly aware of one another's shortcomings, from huge ugly feet to the inability to say "No". However, in Lane's book women's "faults" tend to be the gifts of the gods and thus deserving of our sympathy whereas men's shortcomings are invariably their own fault. That is not to deny that *Screaming* is subtle and funny and that I want to see the rest.

★

In last week's *01*, ITV's critical guide to what's on in London, Paula Yates interviewed those coming out of the new musical, *Moby Dick* and suggested it was "tacky and sexist" and an excuse for showing "girls in tassels". Yet Paula Yates posed for a famous picture spread in *Penthouse* using the Reform Club as the setting. In one photograph her only accoutrements are black lace gloves, patent leather stilettos and a copy of the FT. In other shots there is not so much as a tassel to obscure the view. So why the high mindedness on television?

Christopher Dunkley



Carol Vaness as Iphigenia: no leading soprano is so well fitted to the task

La Scala, Milan/**Max Loppert**

Iphigénie en Tauride

Riccardo Muti's second contribution to the current Scala season is a new production of Gluck's penultimate opera. Muti, revered by the Milanese, could court even greater popularity in his home theatre by reserving for himself the surefire popular favourites – but he does not. There is an admirable high-mindedness about this, and also about the conductor's determination to mastermind, as a key feature of his music-directorial tenure, a steady Scala revival of the neo-Classical operatic repertory, whether Mozartian (*Idomeneo* and *Tito*) or Gluckian (the original versions of *Alceste* and *Orfeo*).

His conducting of such works proclaims a particular aesthetic – when preparing *Alceste*, five years ago, Muti borrowed a phrase from the sculptor Canova, "estrarre la carne dal marmo" (extracting the meat from the marble), to describe it. This approach to the most concentrated, intimate and exactly proportioned of all Gluck's Paris masterpieces had both meat and marble.

Like all Muti's performances it was an outstandingly fine-chiselled, smooth-polished piece of work. Intense care was taken over the drawing of clean lines, vocal and instrumental, the limpid balance of parts, the unimpeded flow of sections. Intense personal feeling was sensed in the command of the work's dramatic peaks. "O malheureuse Iphigénie!", begun by both orchestra and protagonist as a half-voice meditation and developed only later into a full-throated lament, provided a remarkable example.

A work which represents one of opera's most elevated reconciliations between the dictates of action and contemplation, past memory and present emotion, was grasped in one piece and delivered whole. And yet something was missing. It was less the modern-instrumental forces and large chorus that seemed a touch old-fashioned than the somewhat homogenised use of them. The shrieking flutes and piccolos in the opening storm, the throbbing and whirling string figures in Orestes's second-act psychological crisis, the C-major trumpet-and-drum exaltation of Pylades's "Divinités des grandes âmes": all lacked the piercing vitality of sound-colour that transforms Gluck's purposefully bare scoring into white-hot music-drama.

But then, Muti could hardly have been urged in this direction by the ponderously plodding production. The famous 1957 Scala *Iphigénie en Tauride* staging by Visconti has left behind a store of indelible images – notably Maria Callas amid Benois's colonnades and staircases – even for those who never saw it. Any images deposited in the memory bank by the current Scala staging, by the veteran Giancarlo Cobelli in the designs of Paolo Tommasi, will probably be of the negative kind: the heavy grey pseudo-granite panels clumsily lit, the ugly grey priestess costumes, the feeble floor-level writhings of Orestes's demons, the Classical-drama-by-numbers chorus movement.

La Scala does not favour the "engaged" grapplings with 18th-century masterpieces that are now the rule in trans-alpine opera theatres; the best one can say of Cobelli's production is that it left the principals free of the dramatic impositions that sometimes go with those "engaged" grapplings. And as Iphigenia and Orestes were cast at the day's highest level, this proved a virtue.

In her first attempt at the former, one of the most sublime but also most taxing roles of the dramatic-soprano repertory, Carol Vaness surpassed even the highest-pitched expectation. As one might have expected of a singer, versed in Handel, who is the world's foremost current Donna Anna and *Idomeneo* Electra, she compassed every facet of the music. The combination of taut-drawn line, freely lustrous tone and chastely contained yet sometimes fierily passionate expressivity was wonderfully apt.

Miss Vaness is at once a full-blooded and a grandly stylish Classicist; one could believe in her both as Clytemnestra's daughter and as a high priestess. Though her French delivery had evidently been studied with care, some phrases of recitative emerged less clear in delivery than others. The art of eloquent, emotionally affecting Gluck declamation is learnt through long experience; she must be encouraged to pursue it, and to take on Gluck's Alcestis and Armida as well – since the days of Crespin, Gorr and Callas herself, no leading soprano has shown herself so well fitted for the task.

In this art she will no doubt profit from the example of her Orestes, of which role it would be hard to imagine a nobler exponent than Thomas Allen. Towards the end there were moments of slight pitch-slipping (tiredness?); for the most part Mr Allen made his high-lying phrases ring out with awesome force – not, of course, a matter of decibels but of focused vocal and dramatic artistry – and, even more important, with the ability to etch every syllable on the listener's consciousness. In two fearful cries of "Agamemnon?" he seemed to sum up the opera's psychological profundity.

London Theatre

Digging for Fire

David Murray

Rough Magic is a youngish Irish company, attractive and evidently very close-knit. The play they have brought from the Dublin Theatre Festival to the Bush is by one of their artistic directors, Declan Hughes, and directed by the other, Lynne Parker, and two of the actors here are founder-members. It would be easy to believe that each of the other five roles was written with its performer specifically in mind. They all play to one another with the beady-eyed easiness of old friends, which forbids social show-offery but does not preclude moments of asperity – just what *Digging for Fire* requires.

The play is two familiar plays at once: the Reunion of College Chums that goes sour with home truths (sourer as the night wears on and they get drunker), and the Deflating of Heroic Pretensions (an Irish favourite since *Playboy of the Western World*, though there are many European versions of it). The fluent naturalism of the writing and playing almost disguises the schematic character-list – the host couple, doctor and teacher, whose professional security has not extinguished old yearnings for something less trammelled; a brittle media pair, he in advertising and she a TV presenter; a vine-leaves-in-his-hair loose cannon, the statutory gay, and a fey but sensible young woman (Pom Boyd, greatly appealing) whose HIV-positivity is declared early but never explained.

We should have heard more about that, for the revelations we did get were dull stuff – conventional adulteries, and the falsity of a claim to literary fame. Various characters became convincingly cross, disabused or bitter as circumstances dictated, even with some vehemence, but no real blood was spilt; they were all too tame and *nice* for that. Hughes's writing for the detached gay (Peter Hanly) and the snuffed-out Dionysus (Darragh Kelly) left them bloodless too, visually well-cast but denied any interesting griefs to test them.

How Arthur Riordan's advertising-chap could be (as advertised) so successfully randy remained a mystery; but Gina Moxley captures her telly-type with prickly assurance, and Sean Kearns makes a decent, solid blunderer of the doctor-host. For his dispiritedly romantic wife Jane Brennan provides continual subtleties, wry and engagingly honest: this is an actress who could shoulder a whole TV series with aplomb.

The glum unspoken message of this Irish play seems to be that there's nothing Irish left among the trendy middle-class in Dublin. Many a Londoner might know every one of these people and the reunion-hosts' highly visible books – mostly paperbacks – emphasise the cosmopolitan point: Kundera of course, *both* the latest Martin Amises (a bit excessive?), the complete Nathanael West, drugs-and-pathology studies, Christopher Hitchens – instead of Conor Cruise O'Brien – and a token, glossily-illustrated *The Irish Village*. In Dublin, the shock of painful recognition was probably sharper than anything we can feel.

Bush Theatre
Box Office: 081-743-3388

Complete Works of William Shakespeare (Abridged)

Malcolm Rutherford

This RSC production is so gloriously, relaxingly funny that it is especially to be recommended during the British election campaign, from which it is so different. It takes you through Shakespeare in two hours on the trot.

The RSC in question is not the Royal but the Reduced Shakespeare Company and comes from California. Its abridged version of the complete works of the bard has been around at the Edinburgh Festival and was seen briefly in London at the Lilian Baylis Theatre in 1990. It looks better than ever at the Arts.

The Complete Works (Abridged) is a pardonable title. *Romeo and Juliet* gets a good 25 minutes: *Hamlet* occupies almost the whole of the second act. Between them you have 16 comedies reduced to a five minute goulash and the history plays treated as an American football match. As a famous historian wrote, the crown of England in the pre-Tudor period had become a football, so the analogy is apt: "the quarterback passes to the hunchback".

Antony and Cleopatra is set aside as one of Shakespeare's "geopolitical" plays. *Troilus and Cressida* is dismissed as obscure but, unlike *Two Noble Kinsmen*, not bad. Titus Andronicus is cooked up as *Titus Androgynous* and *Coriolanus* passed over because of dislike of the anus. There is a brief reference to the 154 sonnets, a summary of which is threatened to be passed round the entire audience. In one way or another, most of Shakespeare is there.

Some of the jokes are not so much schoolboy ("Act 2" – "*Gesundheit*") as positively PhD – like the cutting of one of Hamlet's central soliloquies "because it only shows the central weakness of the character". Also, some neat American playing with language – "when the cock crew" (not crowed). These clowns have erudition to their fingertips and can (and do) play *Hamlet* backwards.

Apart from the wit, the triumph is in the exuberance of the playing. There are only three performers: Jess Borgeson, Adam Long and Reed Martin. Borgeson plays Hamlet and also the Shakespearean scholar whose ambition is to see a copy of the complete works of the bard in every hotel room.Long plays the girls' parts, like Juliet, with pantomime grace. Martin used to work in a circus, does a genuine fire-eating act and plays a tune by tapping his fingers on his jaw while the others are offstage.

The American ability to induce audience participation goes beyond the English. Without the slightest hesitation, the right side of the stalls agrees to incant "Get thee to a nunnery", the left side "Paint an inch thick", while the people in the "cheap seats" (*i.e.* the circle) let loose in unison with "Cut the crap, Hamlet. My biological clock is ticking and I want babies now" as an answer to Ophelia's problems.

As one of the performers says on the second go of the audience joining in: "That is much less than totally pathetic". Typical Californian understatement. I think it's terrific.

Arts Theatre W.1
Box Office 071-836-2132

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Hans Vonk conducts the Royal Concertgebouw Orchestra in Stravinsky's *Concerto in D*, Jolivet's Flute Concerto (soloist Jacques Zoon) and Tchaikovsky's Third Symphony. Repeated tomorrow and Fri (6718 345)

■ ATHENS

Concert Hall 20.30 First of a series of concert and ballet performances featuring artists from Russia: tonight's programme by the Vaganova Ballet School includes choreographies by Vaganova, Petipa and others, also tomorrow and Fri. Next Mon, Tues, Wed: ballets by Fokine, Petipa and others (722 5511).

■ BERLIN

Schauspielhaus 20.00 Zubin Mehta conducts the Berlin Philharmonic Orchestra in Messiaen's Turangalila Symphony. Fri, Sat, Sun afternoon and Mon: Peter Maag conducts the Berlin Symphony Orchestra. Sun evening Maurice André plays trumpet concertos (East Berlin 2090 2156)
Philharmonie Kammermusiksaal 20.00 Kent Nagano conducts the Chamber Orchestra of Europe in Dutilleux's Mystère de l'instant, Fauré's Pelléas et Mélisande and Frank Martin's Rilke settings. Sat and Sun: COE plays music by Stravinsky, Tchaikovsky and Richard Strauss (West Berlin 254890). Tomorrow in SFB Grosser Sendesaal: Berlin Radio Symphony Orchestra in a programme including Elgar's Cello Concerto (302 5054)
Deutsche Oper 20.00 Ballets by *Béjart and Balanchine*. Tomorrow: Janacek's The Makropoulos Case (West Berlin 3410 249)

■ BRUSSELS

Palais des Beaux Arts 20.00 Piano recital by Radu Lupu. Fri: Ronald Zollman conducts Nielsen's Second Symphony (507 8200)
Monnaie 20.00 Philippe Herreweghe conducts Pascal Dusapin's new music-theatre work Medeamaterial, plus Purcell's Dido and Aeneas, also Fri (219 6341)
Théâtre National 20.30 Heiner Müller's play La Bataille, directed by Philippe van Kessel. Daily till Sat (217 0303)

■ COLOGNE

Philharmonie 20.00 Piano recital by Ivo Pogorelich. Tomorrow: Maazel conducts the Bavarian Radio Symphony Orchestra (2801)
Opernhaus 19.30 James Conlon conducts Harry Kupfer's new production of Pelléas et Mélisande, with François Le Roux, Jeanne Piland and Victor Braun, also Sat. Fri: Offenbach's Barbe-bleue. Sun: Der Rosenkavalier (221 8400)

■ FLORENCE

Teatro Communale 20.00 Jan Latham-Koenig conducts Luc Bondy's production of L'incoronazione di Poppea. Also Fri and next Tues (277 9236)

■ LONDON

DANCE
Sadler's Wells 19.30 Birmingham Royal Ballet triple bill, including new Oliver Hindle work, also tomorrow (071-278 8916)
Covent Garden 19.30 Kenneth MacMillan's Royal Ballet production of Manon, starring Altynai Asylmuratova and Irek Mukhamedov. Tomorrow: Britten's Death in Venice (071-240 1066)
MUSIC
Barbican 19.45 Kurt Masur conducts the Leipzig Gewandhaus Orchestra in an all-Strauss programme, including the Four Last Songs with Julia Varady. Tomorrow: Warsaw Philharmonic (071-638 8891)
Royal Festival Hall 19.30 Simon Rattle conducts the City of Birmingham Symphony Orchestra in Debussy's Jeux, Elgar's Falstaff and Stravinsky's The Rite of Spring. Tomorrow: Prunella Scales narrates Walton's Façade (071-928 8800)
Coliseum 19.30 Jacek Kaspszyk conducts Il barbiere di Siviglia, with Michael Lewis as Figaro and Eirian James as Rosina, also Fri. Tomorrow and Sat: Monteverdi's Orfeo (071-836 3161)

■ MADRID

OPERA
Tonight at 20.00 in the Teatro Lirico La Zarzuela, Antoni Ros Marba conducts Pier Luigi Pizzi's production of Carmen, with Teresa Berganza and Luis Lima. Final performance on Sun (429 8225)
CONCERTS
This week's events at the Auditorio Nacional de Musica include a song recital tomorrow by Maria Oran. This week's Spanish National Orchestra concerts (Fri, Sat, Sun) are conducted by Manuel Galduf, and include a performance of Beethoven's Third Piano Concerto by Michael Levinas. Also on Fri and Sat, Gary Bertini conducts Mahler with the Cologne Radio Symphony Orchestra (337 0100). Tomorrow and Fri in Edifizio Cuzco: Peter Maxwell-Davies conducts the Spanish Radio Orchestra and Chorus in music by Mozart and Maxwell Davies (581 7719). Tomorrow at the Teatro Alfil: flamenco evening with Manuel Soto Sordera y Moraito (521 4296)

■ NEW YORK

THEATRE
● Four Baboons Adoring The Sun: Peter Hall directs John Guare's new play about love, archaeology, mythology and family bonds (Vivian Beaumont, Lincoln Center, 239 6200).
● Guys and Dolls: revival of the 1950 musical. Currently previewing, opens April 14 (Martin Beck, 302 West 45th St, 239 6200).
● 'Tis Pity She's A Whore: John Ford's Jacobean tragedy transposed to 1930s Italy, in a production directed by JoAnne Akalaitis (Public, 425 Lafayette St, 598 7150).
● Grandchild of Kings: Harold Prince's enthralling adaptation of the first two volumes of Sean O'Casey's memoirs, set in a square in Dublin, with traditional Irish songs and dances (Theatre for the New City, 155 First Ave at 10th St, 477 7900).

■ PARIS

Palais Garnier 19.30 Ecole du Ballet de l'Opéra de Paris in a mixed bill of choreographies by George Skibine, Serge Lifar and Attilio Labis. Also Fri, Sat and Sun (4017 3535). Sat and Sun in Palais des Congrès: Ukraine National Ballet opens a two-week season (4068 0006)

■ ROME

Teatro Olimpico 21.00 Piano recital by Krystian Zimerman, with music by Chopin, Ravel and Szymanowski (323 4890)
Teatro dell'Opera 20.30 Will Humburg conducts Adolf Hohenstein's production of Tosca, with Giovanna Casolla, Kristian Johansson and Silvano Carroli. Repeated on Fri and Sun (488 3641)

■ STRASBOURG

Palais de la Musique 20.30 Thomas Fulton conducts the Strasbourg Philharmonic Orchestra in a programme including Weber's Konzertstück for piano (soloist François-René Duchable) and Milhaud's Cantate Nuptiale (soloist Anne-Marie Rodde). Repeated tomorrow (8837 6777)
Théâtre National 19.30 Les Amours Tragiques de Pyrame et Thisbé, a tragedy by the French poet-playwright Theophile de Viau. Daily except Sun and Mon till April 11 (8835 4452)

■ ZURICH

Opernhaus 20.00 Zoltan Pesko conducts Marco Arturo Marelli's production of Ligeti's Le Grand Macabre. Tomorrow: two ballets by Bernd Roger Bienert. Fri and Sun: La bohème. Sat: Nikolaus Harnoncourt conducts Jurgen Flimm's new production of Fidelio (262 0909)
Tonhalle 19.30 Erich Leinsdorf conducts the Tonhalle Orchestra in music by Haydn, Brahms and *Richard Strauss, with Emanuel* Ax soloist in Mozart's Piano Concerto No 22. Fri: Ax plays Schoenberg's Piano Concerto (201 1580). Tomorrow: Matt Haimovitz plays Saint-Saëns' First Cello Concerto with the Zurich Chamber Orchestra (252 1737). Sun: piano recital by Krystian Zimerman (261 1600)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
0830-0900 (Tues) Spiegel TV – Intl Report – the real world of documentary
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-22.00 (Fri) Spiegel TV – Intl Report

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week - a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Wednesday March 25 1992

It's tough at the Tecs

TO JUDGE by the FT's survey, published today, the men and women who run Britain's Training and Enterprise Councils are diligent, loyal and persuaded that on the whole this extremely ambitious project is going well.

That is the good news. For the government, and its successor, the bad news is that they want more money and greater flexibility to develop their programmes.

These are important messages that the politicians would be ill-advised to ignore. It was obvious to everyone but the government that its decision to cut for two years in succession and at a time of rapidly rising unemployment the funding of the two biggest programmes the Tecs run – the youth training and employment training schemes – was an approach best suited to the Monster Raving Loony Party.

One inevitable side-effect has been to pile pressure on the agencies which deal with some of training industry's most demanding customers, such as ex-offenders and the disabled. If Labour wins, the cuts will be more than restored.

The issue of flexibility is more complicated, because it goes to the very heart of the Tecs' main dilemma: what are they for?

Those who joined their boards from business, the public sector and trade unions, did so in the belief that their job was to improve training inside companies and to help nurture small business – hence the middle word in the Tecs' titles. Some Tecs would rather not be in the business of training the unemployed at all; others merely think the balance of their tasks is askew.

Remedial work

In this case, the government is right and its critics wrong. If the Tecs are to deploy to maximum effect their mix of entrepreneurial and cross-agency skills, it must be part of their role to deal with those who are most in need of training, even where this involves heavy remedial work on reading, writing and numeracy.

The main problem seems to be that in its desire to account for the very large sums of money involved – approaching £2bn a year – the Department of Employment has felt obliged to adopt accounting procedures based on crude monitoring of place numbers, which the Tecs find excessively bureaucratic.

Financial supervision is an increasingly familiar problem as government contracts out services, but it is not one which outweighs the benefits of managerial initiative, motivation and flexibility. So far the Tecs have not been given auditing procedures suited to their style and mission.

Measures of quality

Tecs should instead be funded at least partly by results, in terms of the qualifications their clients gain, or by other measures of quality achieved. Also if Tecs were subject to the kind of oversight the Audit Commission brings to public sector bodies, there would be other benefits. The data gathered could form the basis of an annual report, subject to scrutiny by a parliamentary select committee. At present Tecs operate far too secretively for their own good. Audits would also provide useful comparative data for Tecs to consider their own performance.

For Labour, the FT survey contains three specific messages: that Labour is considered by most Tec directors to be either a neutral or a benign force in training; that they do not want Labour's proposed tripartite supervisory body; and that the directors are divided on the merits of Labour's plan to charge a levy on companies which fall short of certain standards of training provision.

Neither of these Labour ideas is wrong in principle. Although an ill-designed levy scheme would be open to avoidance by the declaration of bogus or valueless training activities, it is an idea worth pursuing, especially at a time of constrained public expenditure.

As for a supervisory body, there is no doubt that Tecs need a clearer overall strategy and a more transparent link with government. Labour, however, must resist any temptation to play old-style tripartite politics with the Tecs; that was the mentality which destroyed the Manpower Services Commission, an earlier attempt at just such a body.

The Tecs remain fragile creatures attempting to blaze a trail in an area of British public policy where few honours have been won. They will need looking after by whoever wins the election.

Nuclear leaks

THE ACCIDENT at the Sosnovy Bor nuclear plant may have been a narrow escape for the people of St Petersburg. The release of radioactive iodine showed that the fuel in the RBMK reactor was damaged – and that means it could have come close to a Chernobyl-type explosion.

The incident also reminds the west of the need to help the CIS – and the other countries of eastern Europe – to make safe their huge legacy of dangerous Soviet-designed nuclear power stations. It is a worthwhile reminder because for the last few months nuclear specialists have been preoccupied with the task of making safe the stockpile of Soviet warheads, and they have neglected the civil nuclear sector.

Russia is too dependent on nuclear power to contemplate shutting down its reactors for the time being, even though the Ukraine plans to close the two remaining RBMK reactors at Chernobyl by the end of next year.

In the short run, therefore, the west needs to accelerate its programme of helping the CIS to operate the reactors as safely as possible, by retraining their demoralised staff and technicians and by installing modern control systems. Funds and technical assistance can be channelled through the new EC programme of technical aid to energy industries in the CIS. At the same time, the International Atomic Energy Agency needs more resources to expand its existing nuclear safety work.

Assistance should come not only from western governments but also from the nuclear industry and equipment manufacturers. The order-starved companies take a schizophrenic view of the former Soviet Union. On the one hand they see a potential lifeline from contracts to rebuild or replace the dangerous Soviet-designed reactors. But there is also the potential nightmare of another accident like Chernobyl or worse, which would destroy any prospect of nuclear power re-establishing its credibility in western public opinion. Either way the industry has strong self-interest in adopting a generous attitude now.

Looking beyond immediate safety measures, it is clear that the 14 RBMK reactors in Russia and Lithuania must be shut down as soon as possible. The IAEA regards their design as intrinsically dangerous – something that even the most modern control system and the best bolt-on safety equipment cannot put right. (The other Soviet-designed reactors, the VVER model based on the western PWR, are relatively safe).

To enable the Russians to shut down the RBMKs, the west will have to provide technology to build new generating capacity, for example clean coal-fired power stations or even modern nuclear plants, and at the same time improve the appalling inefficiency with which Russians consume energy. In other words, western technical and financial assistance will have to encompass a far wider field than the nuclear industry if it is to help prevent another Chernobyl.

Gas explosion...

...causes major damage, as many have no doubt already remarked. The prime minister reacted to British Gas chairman Mr Robert Evans's 17.6 per cent salary increase by saying that he expects senior executives to exercise leadership in matters of pay.

This tight-lipped comment deserves an award for self-restraint, but it is ambiguous: Mr Evans could claim that in a year of falling profits, this is leadership. This claim would make as much sense as the routine defence offered by British Gas – that it must pay enough to hold on to talent. The bidding for 64-year-olds with a lifetime CV in a nationalised industry is hardly hectic.

The rational explanations that suggest themselves are equally implausible – for example, that Mr Evans wants a Labour victory, since it might remove the Conservative threat to the BG monopoly; or that this is a subtle plot by Mr Peter Walker, who sits on the BG remuneration committee, to re-enter the Tory leadership race.

The only serious issue is not political: it is that contracts like his, which are not subject to shareholder review or approval, are an anomaly in any public company. Meanwhile, Mr Evans has placed an each-way bet: he wins enough to pay his tax if Labour wins, or to sweeten political exile if it loses.

The Agnellis' failure in the battle for Perrier reveals tactical errors in a changing business climate, writes **Guy de Jonquières**

Dynastic hopes fall flat in France

Rarely since the early days of oil wild-catting has the ownership of holes in the ground excited as much high passion and low intrigue as during the tortuous four-month-old battle for France's Source Perrier, the world's largest mineral water company, which ended with an agreed settlement yesterday.

Nor has any recent takeover struggle exposed more clearly the complex forces at work in a Europe where long-established continental models of capitalism, with their tribal loyalties and inter-locking networks of power, are forced to confront the rude imperatives of international markets.

To the Agnellis, Italy's foremost business dynasty, whose efforts to win control of Perrier have been defeated by a coalition between Nestlé, the Swiss food group, and powerful French backers, the message seems clear. Though they have made a handsome capital gain, it cannot compensate for their belief that they were victims of a French business establishment bent on showing that it controls entry into its backyard.

There is some truth in that view. However, it is far from the whole truth. Indeed, one of the many paradoxes of the Perrier affair is that it seems more likely to promote than to retard the modernisation of national capital markets and the erosion of barriers designed solely to protect special interests.

The affair is bound to be compared with the storm created by Mr Carlo De Benedetti's raid on the large Société Générale de Belgique four years ago. That bid, too, was foiled after an anxious local business establishment turned for salvation to a foreign white knight, France's Suez group – which also happened to be a leading adversary of the Agnellis in the Perrier battle.

However, there are important differences. One is that while Mr De Benedetti unleashed a shock assault on SGB from outside Belgium, the Agnellis had hoped to win Perrier by means of patient and friendly negotiation from the inside.

That approach enabled them in the past five years to become France's largest foreign investors and cement close ties there. None more influential than with Lazard Frères, the investment bank and BSN, France's biggest food group, in which Lazard helped the Agnellis acquire a 5.8 per cent stake.

Mr Giovanni Agnelli, chairman of the Fiat motor group, sits on Lazard's board, and his younger brother Umberto is a director of BSN, which the Agnellis have helped to expand in Italy. Meanwhile, Mr Michael David-Weill and Mr Antoine Riboud, chairmen respectively of Lazard and BSN, are directors of several Agnelli-controlled companies, in some of which BSN is a minority shareholder.

With friends like these, how could the Agnellis go wrong? The answer lies in a succession of tactical errors, which led them to trample on traditional French sensitivities while also ignoring important changes in the business climate.

Initially, the Agnellis moved stealthily, acquiring control of 34 per cent of Exor, the publicly quoted holding company which owns 35 per cent of Perrier, the Chateau Margaux vineyard and some Paris property. But after they launched a takeover bid for two-thirds of Exor in late November, things started to unravel.

Partial bids are still legal in France: indeed, they were enshrined in stock market legislation only three years ago at the insistence of French industry, which argued that it could not otherwise match well-heeled international acquirers in takeovers. However, the mood has changed radically since, as evidenced by the French finance ministry's recent plans to make 100 per cent bids mandatory.

An early clue was the protests by minority shareholders in the Au Printemps department store chain that they were disadvantaged by a partial bid by the Pinault conglomerate last year. The Agnellis stirred up a much more troublesome dissident in Suez, which objected that their FFr1,320 bid undervalued its 10 per cent stake in Exor.

Though they hastily raised the bid to 100 per cent, that was not enough to mollify Suez. It approached Nestlé, which began buying shares in Exor and Perrier.

The Agnellis, meanwhile, compounded their error by alienating BSN and Lazard, which has long used its formidable network of government and business contacts to dominate the French merger scene. Mr Riboud was uneasy that the Exor bid would prompt the Agnellis to challenge BSN's position in mineral water. He grew still more alarmed when the Agnellis hinted that their longer-term target was BSN itself, where the 73-year-old Mr Riboud has no clear successor.

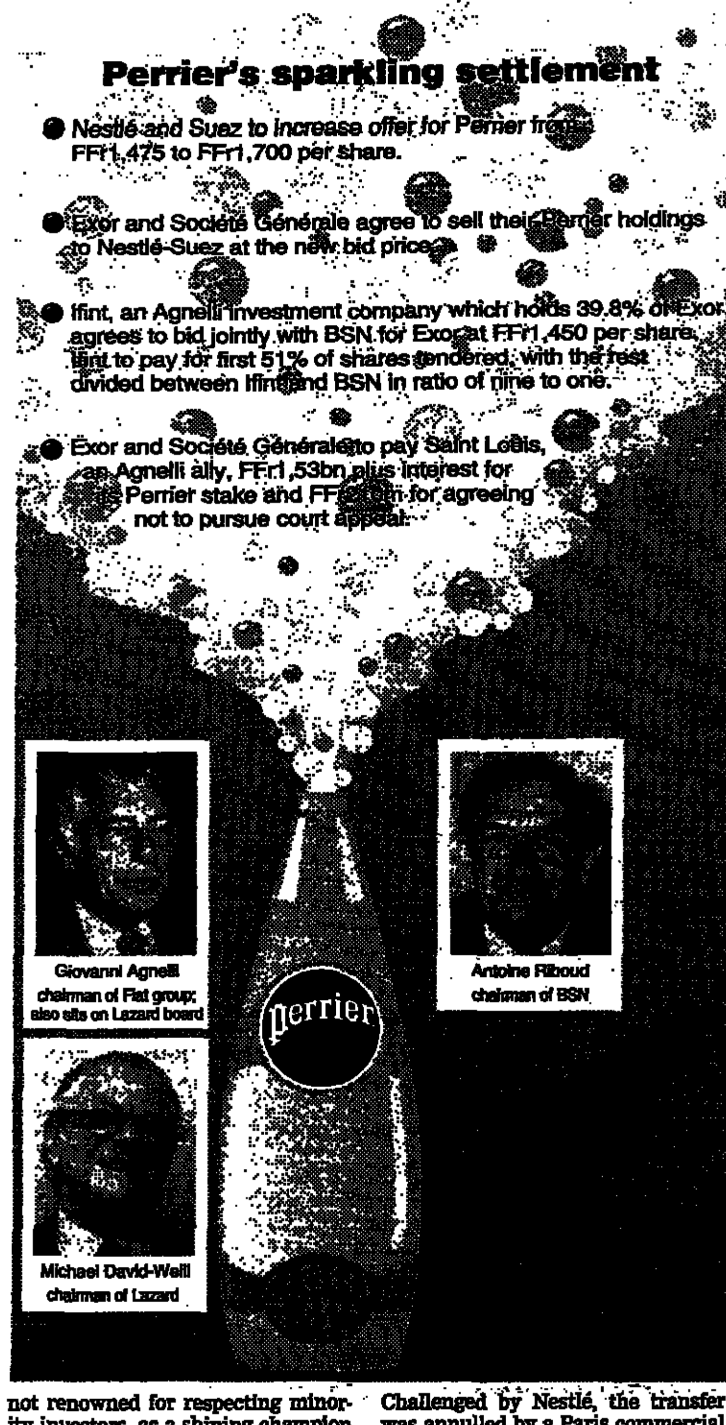
That prompted Mr Riboud to co-operate closely with Nestlé and Lazard to thwart the Agnellis' designs on Perrier. After efforts to persuade the Italians to surrender their claims on the mineral water company failed, Nestlé and Suez launched a bid for it.

Though Lazard had advised the Agnellis on earlier French investments, they did not involve it in their overtures to Exor, apparently believing that they were well-enough established not to need help. Spurned by the Agnellis and confronted with a threat to the interests of BSN, with which Lazard has intimate ties, the bank aligned itself with the Nestlé-Suez camp.

In spite of these setbacks, the Agnellis might still have hoped to soldier on. With French allies, notably the Saint Louis paper and sugar group and Worms, a family-run holding company, they controlled 48.8 per cent of Perrier shares and 49.5 per cent of the voting rights. However, three other factors were working against them.

One was the high-powered public relations campaign mounted by the BSN/Lazard camp, which effectively branded the Agnellis as menacing interlopers and Nestlé as the acceptable face of French capitalism. That was despite the fact that the management of Exor and Perrier regarded the Agnellis' approaches as friendly and the Nestlé-Suez bid as hostile.

Just as remarkably, the campaign succeeded in portraying Nestlé, a company from a non-EC country not renowned for respecting minority investors, as a shining champion of disenfranchised French shareholders. Furthermore, Nestlé's explicit proposal to break up Perrier was magically transformed into a virtue, while the same intent was imputed to the Agnellis – on the basis of dubious evidence – and used to discredit their *bona fides*.



The second element was the Agnellis' misplaced confidence in Mr Jacques Vincent, president of Exor and Perrier. Not only is Mr Vincent poorly regarded by France's business establishment, but his illicit transfer of 13.8 per cent of Perrier shares from the company's treasury to Saint Louis inadvertently led to his allies' nemesis. Challenged by Nestlé, the transfer was annulled by a Paris commercial court last week, depriving the Agnellis of almost a third of their Perrier votes.

That crucial defeat highlights the central importance of the third element – the role played by France's takeover rules, which were repeatedly put to the test during the battle. Dating only from 1989, the rules are still immature, while the organisations charged with implementing them – notably the Commission des Opérations de Bourse (COB) and the Conseil des Bourses de Valeurs (CBV), have yet to achieve the standing acquired over many years by Britain's Takeover Panel.

None the less, the regulations provided a framework of a kind completely absent in Belgium at the time of the SGB battle. Not only were they enforced throughout the Perrier battle; they were invoked energetically by Nestlé's allies in the French business establishment, who strove to present themselves as the upholders of transparency and the rule of law, while stigmatising the Agnelli camp as exponents of dubious double-dealing.

Intentionally or not, support from such influential market operators can only serve to entrench the legitimacy of regulatory reform. At the very least, the Perrier affair seems likely to become a benchmark against which the conduct of future takeover battles will be judged.

That said, the French market for corporate control is still a long way from the standards of openness of the Anglo-Saxon world. Not only does state ownership envelop a wide swathe of the productive economy, but publicly-quoted companies remain better protected against takeover than their Anglo-Saxon counterparts. Extensive cross-shareholdings encourage corporate solidarity against external attack, while regulatory reform has yet to eliminate a number of poison pill devices.

More than in any other European country, the system is bound together by the cultural affinities of a powerful technocratic *élite*. Straddling the commanding heights of the public and private sectors, its members still possess a formidable capacity to coalesce in support of the perceived national interest – above all, when "strategic" industries are at stake.

That the government did not seek to intervene directly to keep Perrier in French hands owes much to the fact that powerful members of the *élite* favoured its acquisition by Nestlé. Significantly, when the Agnellis' opponents were casting around for white knights, they specifically excluded US soft drinks companies including Coca-Cola and PepsiCo on the grounds that they would not be considered "legitimate" bidders in France.

Equally, few knowledgeable observers in Paris doubt that if an external threat were posed to the independence of a blue-chip company with an influential chairman – such as BSN – strenuous efforts would be made to arrange a "French solution".

How far they would succeed, however, is an open question. The efficacy of such defences is being gradually eroded by time and the logic of the government's own policies. It can no longer legally block takeovers by bidders from other EC countries, while its ability to influence state-owned companies will diminish, as their need for fresh capital forces privatisation.

Perhaps the most important agent of change, however, is the government's declared ambition to transform Paris into a truly international capital market and a more important source of finance for French industry. That will depend heavily on attracting foreign investors, who are unlikely to participate enthusiastically if they suspect that protection of local vested interests remains a priority.

These divergent impulses are bound to create tensions and unpredictability. The many peculiar features of the Perrier battle make it an imperfect test of current French attitudes. Perhaps the safest verdict is that France is a less open country than the Agnellis hoped when the affair began, but less closed than they believed when it ended.

Edward Mortimer

Cost of Russia's Falklands

Stalemate over Japan's northern territories must end

FOREIGN AFFAIRS

A British diplomat visiting Argentina recently was talking about Russia and Japan. He explained that the main obstacle to better relations was Russia's continued occupation of the Japanese "northern territories", seized by the Red Army in the last days of the Second World War. It was hard, he added, to see why Russia was so determined to hang on to them: a handful of small, windswept, almost uninhabited islands, of no economic importance except as a means of claiming an enlarged fishing zone.

For some reason, his audience began to giggle.

The cost of retaining the Falkland Islands is not an issue in the British election campaign, though perhaps it should be. We are, after all, in the middle of commemorating the 10th anniversary of the Argentine seizure of the islands and the war to win them back. Memories of that struggle and of those who died in it are too fresh for any political party to risk reopening the subject.

The cost of hanging on to the Japanese islands certainly should be an issue in Russian politics. Japan has made no attempt to recover them by force, and is most unlikely to do so, but has been firm and consistent in refusing to accept the *fait accompli* of 1945. It restored diplomatic relations with Moscow in 1956, and by the late 1970s had become one of the Soviet Union's leading trading partners in the west.

It has even been willing, in the current crisis, to provide humanitarian aid for the Russian population. But there is still no peace treaty between it and the Soviet Union (or Russia), and Japan has drawn the line at economic aid. Economic and political issues, it says, cannot be separated.

Russia is desperate for economic aid. There seems to be something like a consensus in the west that it should get it. Two weeks ago, when former US President Richard Nixon's memo denouncing the US's "pathetically inadequate response" to the Russian crisis became public, President George Bush did not reply that much more generous aid would be inappropriate, but said, in substance, that the US was broke and the effort to help Russia must be a multilateral one.

In any such effort, Japan would be expected to be a significant contributor. The Japanese are well aware of this and talk unofficially of putting up one-third of a putative multinational fund which could total as much as $100bn. But, they say, there must be a solution to the islands problem first.

National pride makes it hard for any country to yield territory just because it is strapped for cash

So the islands may be the key to Russia's economic future. What is holding President Boris Yeltsin back from a deal? A mixture of pride, principle and politics. National pride makes it hard for any country to yield territory just because it is strapped for cash.

The principle involved is that the territorial settlement at the end of the Second World War should not be questioned, because there are too many cans of worms to be opened – especially the borders of Poland, east and west. Yet it is highly questionable whether the islands can be regarded as part of that settlement. The Soviet Union only declared war on Japan on August 8, 1945 – two days after the bombing of Hiroshima – apparently with the sole object of helping itself to Japanese territory.

Japan did, in the San Francisco Peace Treaty of 1951 (which the Soviet Union refused to sign), "renounce all right, title and claim to the Kurile islands". But the treaty did not define the limits of the islands.

It is reasonably clear that Japan understood the phrase to refer to the islands it acquired by an exchange of territory with Russia in 1875, and not to the islands of Etorofu, Kunashiri, Shikotan and the Habomais, none of which had ever belonged to any country other than Japan before 1945. It is these latter islands which Japan still regards as its own "northern territories".

Politically, Mr Yeltsin is constrained by the vested interests of some 15,000 Russian civilians who now live in the islands – many of them providing services to the military garrison – and by the views of the armed forces, who regard the islands as strategically important.

The rest of the world has so far taken little interest in the dispute. It is time for that to change. If Russia's economic salvation is indeed a matter of global security (which, given the size of the country and the weapons it contains, it surely is), and if this dispute is holding up a global effort to help Russia, then there must be a global interest in finding a way round it.

Japan, it seems, is not in a hurry to obtain physical possession of the islands. It wants its sovereignty to be recognised. That leaves scope for compromise on timing, and for mediation by a third party whom both sides would trust. Another job for the US secretary of state, Mr James Baker, perhaps?

Champion of liberty and law

Samuel Brittan assesses the work of the late Friedrich Hayek

Many would say that if Mrs Margaret Thatcher is a conviction politician, the convictions are those of Friedrich von Hayek, who died on Monday at the age of 92. Yet the conclusion would be unfair to both.

Although the former UK prime minister was a great admirer of the late economic philosopher, Hayek mainly provided articulation and confirmation of convictions Mrs Thatcher had already reached. The admiration was reciprocated, yet there was much in his writings that some would see to be at variance with Thatcherite practice.

Friedrich August von Hayek was born in Vienna on May 8 1899. His father was a professor while the imperial city was enjoying its celebrated sunset. Brahms had only recently died, and Freud had yet to publish his major works. Hayek's own career began in the civil service, and after holding academic posts in Vienna he came to the London School of Economics in 1931.

Recalling his arrival, Lionel Robbins subsequently wrote: "I can still see the door of my room opening to admit the tall, powerful, reserved figure which announced itself quietly and firmly as 'Hayek'". His lectures were so successful that the school's director, William Beveridge, suggested that he remain as Tooke Professor, a post he held until 1950. Hayek brought a whole host of cosmopolitan contacts to the LSE. He was, for instance, instrumental in the appointment of Sir Karl Popper, the philosopher and author of The Open Society.

His insistence on linking political and economic freedom in the Road to Serfdom influenced Churchill and also Keynes

Although Hayek's later career took him first to Chicago and then back to Austria and Germany (his last years were spent in Freiburg in Breisgau), he retained his British nationality (acquired in 1938), and he remained a close observer of the British scene. He was a joint winner of the Nobel Prize for economics in 1974. He was twice married; he leaves a widow, Helene, and a son and daughter.

Hayek's fortunes teach us a great deal about intellectual fashions. During the 1930s he was mainly known for technical economic studies, which were at the time overshadowed by the new Keynesian theories on unemployment and economic policy. One conclusion from that period, recently disinterred, is that market institutions could not just be grafted on to state socialism, as mainstream economists long believed was possible.

Hayek's greatest intellectual regret for those years is that he never wrote a full-scale critique of Keynes's The General Theory. He had previously written a long review of the first volume of Keynes's earlier Treatise on Money – only to be told by Keynes that the latter had changed his views. This experience led Hayek to suppose that The General Theory was just another "tract for the times".

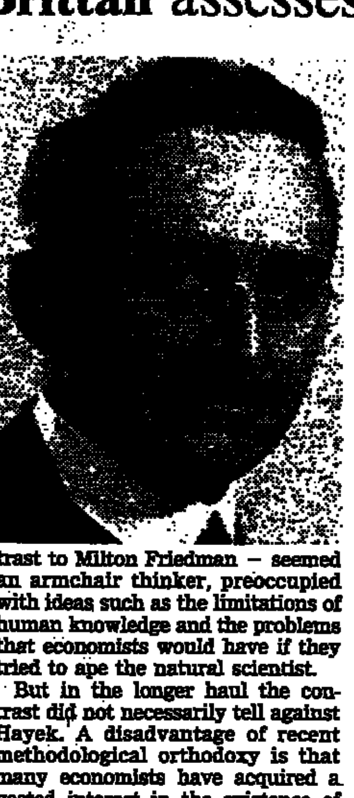
In the 1940s Hayek became a hate figure to those on the political left because of his onslaught on centralised economic planning and his insistence on the links between political and economic freedom in his best-selling Road to Serfdom: the book is said to have influenced Winston Churchill's controversial 1945 election broadcast about the threat of a "Gestapo" under socialism. It is less well known that Keynes sent Hayek a letter expressing his deeply felt agreement with at least some of the argument.

Hayek was not a charismatic public figure. His brief post-war notoriety was followed by decades of neglect, during which his most important constructive works on the foundations of a free society were written. Indeed, I was first attracted to his writings by his concern, voiced in The Constitution of Liberty (1960), "for that condition of man in which coercion of some by others is reduced as much as possible".

Finally, following his Nobel prize in 1974, he emerged as a cult figure of the radical right – which did neither side too much good. For there was far more to Hayek than the demolition of socialism and the standard case for free markets. In presenting him as a revered thinker with a complete system, his followers may have made his work neater, simpler and less interesting than it really was.

Although Hayek was far too shrewd to overrate the Nobel award, for one reason or another the years following it witnessed a rejuvenation. Among political theorists and sociologists critical of the new right, he was studied more seriously than the more fashionable economic technicians. But he took this adulation with a large pinch of salt and was no more a Hayekian than Keynes was a Keynesian.

Hayek was unfashionable in the 1950s and 60s as much for academic as for political reasons. At a time when most go-ahead economists were raring to equip themselves with forecasting models and computer print-outs, Hayek – in contrast to Milton Friedman – seemed an armchair thinker, preoccupied with ideas such as the limitations of human knowledge and the problems that economists would have if they tried to ape the natural scientist.



But in the longer haul the contrast did not necessarily tell against Hayek. A disadvantage of recent methodological orthodoxy is that many economists have acquired a vested interest in the existence of stable, discoverable numerical relationships between phenomena such as income and consumption, or short-run changes in the money supply and the price level. Hayek warned that one could not guarantee the successful discovery of such relationships, but that scientific method could still be applied to predict certain general features of interacting systems – as it is, for instance, in biology and linguistics.

His insistence that, while inflation is a monetary phenomenon, there is no such thing as "the quantity of money", and no sharp boundary between money and other financial assets, has stood the test of time. The experience of the British government, which has changed its view of monetary targets so much and to so little avail, was much less puzzling to a Hayekian than to a true monetarist believer. So, too, was the high unemployment cost of reducing inflation, which Hayek insisted was inevitable while labour markets were dominated by the collective bargaining mentality.

Hayek's defence of the market system was subtly different from that of many economists. Whereas mainstream economists have been preoccupied with the optimal allocation of resources in given conditions, Hayek was concerned with the effect of the market system on

Hayek: admired by Thatcher, but never really a conservative

the evolution and stability of society. He was interested in markets as examples of human institutions, like language or law, which have evolved "as a result of human action, but not of human intention".

He insisted that wants, techniques and resources are not given, but are constantly changing – in part because of the activities of entrepreneurs who open up possibilities which people did not know existed before. (The dynamic and entrepreneurial aspect was also emphasised by another economist of Austrian origin, Joseph Schumpeter, thus providing a so-called "Austrian" critique of mainstream neo-classical economics, which overlaps with the objections of "radical" political economists.)

According to Hayek, a market system is a discovery technique. No computer can predict the emergence of new knowledge, original ideas, or innovations – and people's reactions to them.

His scepticism about the use of econometric relationships was based on a wider epistemological view. For he insisted that the most important kind of knowledge was not of propositions or theories, but of practical skills and dispositions governed by rules which we may imperfectly discover afterwards, but not formulate in advance.

For Hayek the cardinal sin of our times was something known by the ungainly label of "constructivism". This was akin to what Michael Oakeshott called "rationalism", and is the error of believing that any order we find in society has been put there by a designing mind – and can be, accordingly, redesigned from scratch.

Hayek was very far from believing the conventional bourgeois pieties. He never imagined that there was anything just in market rewards. These depended on an unpredictable mixture of effort, ability and luck.

Quite apart from the adverse economic consequences, it was not desirable even to try to reward merit through public policy, which would involve some authority deciding how much pain and effort a task had cost and how much of a person's achievement was due to outside circumstances.

But, characteristically, Hayek spoiled a splendid and heretical contribution by insisting that *any* public policy towards the distribution of income and property (beyond the provision of a very basic social-security minimum) involved political assessment of merit and was thus incompatible with a free society and the rule of law.

However, Hayek did not in fact provide any easily recognisable criteria for identifying state interventions of the harmful type. The free-market arguments in The Road To Serfdom were based on the incompatibility of central planning with personal liberty. In subsequent years Hayek approached the issue indirectly. He argued, especially in The Constitution Of Liberty, that the main condition for a free society is what he called "the rule of law". By that he meant a presumption in favour of general rules and against discretionary power. He attempted to derive from this conception not only the fundamental political and legal basis, but also the economic policies, of a free society.

He opposed the view that a government elected by a majority or plurality should be able to do what it likes without check

Many writers of the most diverse political persuasion accepted that general rules were an important protection – perhaps the most important single protection – for freedom. But Hayek was criticised for suggesting that general laws were a *sufficient* condition for a free society. Many policies involving a high degree of coercion can be imposed by general rules – for example, a ban on the teaching of evolution or on any literature or music which flouts the principles of Marxist-Leninism. There is no one philosopher's stone for minimising coercion in society.

Hayek's concern to restore a government of laws rather than men can be seen from his later writings which warned of the degeneration of democracy into a struggle for spoils among competing groups. He saw the source of interest-group domination in what he called "majoritarian" or unlimited democracy. This is the belief that a government elected by a majority of voters (usually a plurality) should be able to enact what it likes without any check – a system which Lord Hailsham has termed an elective dictatorship.

Some of Hayek's own constitutional proposals struck even his admirers as far-fetched. But their underlying aim was important. It was to recover an older idea of a state, which has no purposes of its own, but provides a framework of rules and arrangements under which people can pursue their own individual aims without getting in each other's way. This ideal – which is a long way removed from the practice of any modern government, even of the radical right – has been labelled by Oakeshott as a "civil association", as opposed to the more usual idea of the state as an "enterprise association" with its own aims and purposes. The close similarity of the later work of both Hayek and Oakeshott, pursued in relative isolation, is a theme which deserves a study of its own.

There were great ultimate differences between Hayek and others who shared a similar outlook. Unlike most classical liberals, Hayek's espousal of liberty turned out to be based neither on ultimate judgments, nor on considerations of welfare, utility or happiness. He did not even accept the methodological individualism of most mainstream economists. For him, the key to institutions was natural selection among competing traditions.

This evolutionary approach remained in the background in the classic politico-economic works of his middle period. But its roots went back to his student days when he was as concerned with philosophy and biology as with economics.

The evolutionary outlook landed Hayek with problems. For it made it difficult to criticise any social order (eg Stalinist Russia) which was not visibly dying out. Hayek's refuge in evolution was not just idiosyncratic, but can be seen as a response to the failure of attempts to build deductive systems of morality which will apply to specific cases. His own inability to resolve the ultimate conundrums of human conduct should not obscure the range of his achievements.

Hayek's writings have asserted the case for general rules over discretionary authority. They have exposed the misleading identification of a liberal democracy with the divine right of temporary majorities. They have demonstrated the connection between economic and personal freedoms. They have shown that the domination of both the political and economic marketplace by interest group struggles is a source of evil; and they have explained why pecuniary rewards neither can nor should reflect merit. In all these matters Hayek – like Keynes or Friedman or the American philosopher John Rawls or other such seminal figures – is best treated as an intellectual *agent provocateur* rather than a pundit with all the answers.

OBSERVER

The test of tradition

■ Are Britain's big banks and insurance companies examples of good corporate governance, or class-ridden institutions run by gentleman employing players? The question is prompted by the sight of the orderly succession at Lloyds, arguably Britain's most successful high street bank.

In any other business, Brian Pitman, Lloyds' chief executive, might have been expected to be rewarded with the chairmanship given the sterling job he has done.

However, Lloyds has never picked a chairman from its own management, and as at the other clearers it is only relatively recently that its managers have been given seats on the board. The cerebral Sir Jeremy Morse is handing over to Sir Robin Ibbs, an older ex-ICI man, with the clear implication that if Sir David Walker, the outgoing chairman of the SIB, does not blot his copybook, he will eventually get the job.

Lloyds' behaviour is not unusual. Midland Bank tends to pick industrialists as its chairmen and NatWest specialises in country land-owners. The Bank of Scotland's Bruce Pattullo and Barclays' John Quinton are rare examples of career bankers who have made it into the officers' mess.

The big insurers are even more inbred. General Accident's chairman – the Earl of Airlie – doubles up as the Queen's Lord Chamberlain, Sun Alliance is headed by Henry Uvedale Antrobus Lambert, a scion of Barclays, Commercial Union's boss is a Baring and Charles Hambro heads GRE.

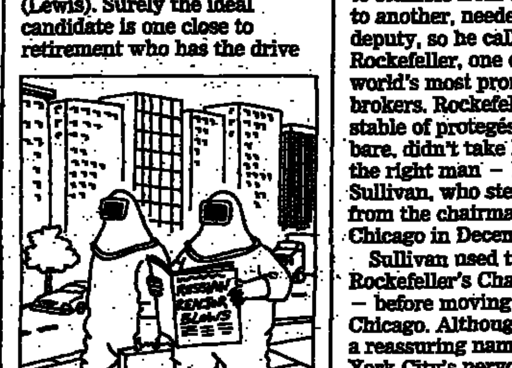
The traditional arguments for employing such toffs is that their institutions need statesmanlike figures who know their way around Whitehall as well as the City. Creative tension is one thing but the danger of promoting a strong chief executive like Pitman is that he might second-guess his successor.

Separating the role of chairman and chief executive seems *de rigueur* these days. But the City's big financial institutions are hardly ideal role models. NatWest's Lord Alexander and the TSB's Sir Nicholas Goodison are typical bank chairmen, yet their institutions are struggling. The same is true of most of the big composites. Lloyds Bank is one of the few big City firms to have got the mix right. Given Sir Jeremy Morse's record, one must assume that he and his board have made the right choice now.

Crown of willow

■ Now that Albania has rejoined the democratic ranks, it might contemplate restoring the monarchy. As the Balkan nation once offered the throne to cricketer and all-round athlete, C B Fry, Albania might contemplate giving the crown to one of England's current test team fighting for the World Cup this morning.

But which cricketer should they choose? King Gladstone (Small) has a certain ring, which cannot be said of King Derek (Pringle) or King Chris (Lewis). Surely the ideal candidate is one close to retirement who has the drive



"Well, it's certainly taken my mind off the election"

and personality to unite the Albanian people? Long live King Ian Botham.

Patriotic gesture

■ Three cheers for Lord Sterling of Plaistow. While the chairman of P&O may be a property developer at heart, when it comes to the national interest he can be relied upon.

He wants to remove the restriction in the company's Royal Charter on the amount of P&O stock that may be owned by overseas interests. But he has reassured Her Majesty's Government, formally, that "the P&O fleet will, as always, be available for the defence of the Realm".

Lord Sterling, who knows more history than most company chairmen, tells me that it was Sir Thomas Sutherland (one of the founders of the Hongkong and Shanghai Bank) who inserted the condition in 1903 that the company should "remain a British concern in name and reality". The Germans were playing up a bit at the time.

Rather surprisingly, P&O does not charge the government for having its fleet permanently on call. Perhaps it should.

A friend in need

■ Poor old David Dinkins. It is a sure sign that the hapless mayor of New York is in deep trouble when he has to ask a Rockefeller for help.

The black mayor, who seems to stumble from one calamity to another, needed a new deputy, so he called in David Rockefeller, one of the banking world's most prominent power brokers. Rockefeller, whose stable of protegés is rarely bare, didn't take long to find the right man – Barry Sullivan, who stepped down from the chairmanship of First Chicago in December.

Sullivan used to work for Rockefeller's Chase Manhattan – before moving up to Chicago. Although he may be a reassuring name to New York City's nervous bankers, his record at First Chicago seems, in retrospect, as mixed as Rockefeller's own career at Chase.

It all adds up

■ Interviewing three applicants for his chief accountant's job, a small-business owner gave them a test by handing each the latest year's trading details, and asking what profit he'd made.

The first candidate fairly swiftly named a figure. "Thanks," said the company chief, "I'll let you know soon."

The second said he'd prefer to take the accounts home and analyse them overnight. The chief agreed, adding: "Call me tomorrow."

The third didn't even look at the accounts, but simply asked: "What profit do you *want* to make?"

"Can you start Monday?" the chief said.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Aid needs a new deal, not either/or approach

From Mr David Jones.

Sir, Edward Mortimer's interesting article, "Refugees and wasted revenues" (March 11), airs the view that refugees need more "development" rather than "relief" aid from the UN High Commissioner for Refugees (UNHCR) and the non-governmental organisations (NGOs). I would like to take issue with this either/or approach.

Oxfam believes that refugees and displaced people need a new deal altogether. Not only should more and better aid be available for both development and relief needs, but also greater political priority and more resources should be devoted to finding the durable political solutions necessary to tackle conflict, repression, hunger, and economic collapse – the main causes of mass human displacement.

When enlightened self-help development programmes for uprooted people are possible, they are clearly of great value, as Oxfam has learned from the wide variety of initiatives it has supported. Certainly, governments should be encouraged and helped to provide such opportunities.

The reality, however, is that very few governments are prepared to allow large numbers of refugees to compete with the local labour force, to take over land, or to have unrestricted movement. Agencies like Oxfam, which are mandated to respond to acute human need, are often faced with little option but to help provide basic needs while a durable political solution to the cause of displacement is sought.

Surely, informed debate should also focus on the need for all concerned – NGOs, UN agencies, academics, and governments – to press for improved conflict mediation and resolution, for real resources and clout to back the new UN Humanitarian Co-ordinator, for systems of government which are able to resolve societal conflict peacefully, and for effective food security strategies. We agree that a civilised international attitude towards refugees would be an excellent starting point.

David Jones,
associate director,
Oxfam,
274 Banbury Road,
Oxford OX2 7DZ

Economic options for industry – and the cold water horror

From Mr Ian R Fox.

Sir, Your paper's comment and assessments of the Labour party's budget proposals are objective insofar as they are based on theoretical economics. There is, however, from an industrial viewpoint, a choice to be made in budget terms between the two main parties when the key facts are considered.

The UK and western economies are mature markets and, therefore, future rates of economic growth are likely to be downwards from those of the last 30 years.

Any recovery in the UK will be consumer and not investment nor export led. The rate of corporation tax and weakness of world markets prevent it being otherwise.

The southern half of the country, through commitment to the housing market and mortgages, has been hardest hit in recession. Potentially this is the engine for recovery in the UK, but little or no comment is made on the effect of the Labour party proposals on this.

The shadow chancellor's proposals for national insurance and income tax must surely represent the largest proportional increase in taxation history.

They are, therefore, highly significant, as the proportional effect will have as great an impact as the absolute numbers. At a stroke the proposals reinstate an effective standard income tax rate of 34 per cent and put many taxpayers back to where they were in 1979.

There is, therefore, a real choice for the electorate to vote either for a redistribution of wealth now or long-term improvements through wealth creation.

The impact of these choices needs to be spelt out and debated by commentators and, one hopes, politicians.

Ian R Fox,
group finance director,
Wagon Industrial Holdings,
Haldane House,
Halesfield,
Telford,
Shropshire TF7 4PB

From Mr C R Baker.

Sir, On Saturday I read with alarm Mr Major's wish to reduce inflation to zero in the next parliament, assuming the Conservatives are returned with a majority.

As a life-long Conservative who is not enjoying Mr Major's "if it ain't hurting, it's not working" routine, I view with horror the effect this cold water treatment will have on us loyal followers and will not now vote Conservative.

C R Baker,
c/o Bechtel House,
245 Hammersmith Road,
London W6 8DP

World Bank and Nigeria

From Mr Edwin R Lim.

Sir, In the article, "World Bank criticises Nigeria" (March 16), you quoted without our authorisation from a confidential World Bank report on public expenditure management in Nigeria. The article gives a misleading impression of the purpose of the report, as well as its implications for Nigeria's prospects for debt relief.

The report is part of an extensive policy dialogue between Nigeria and the bank. It was based on a review of federal government public expenditure carried out by the bank staff in collaboration with the main economic and sectoral ministries in Nigeria in the early part of 1991. The main thrust of the report was a number of recommendations on expenditure control and management, project selection criteria, and other measures to strengthen the budgetary process and improve the efficiency of public expenditures. It might be noted that president Babangida, in his 1992 budget address, specifically articulated concerns about the need for sound public expenditure management.

We disagree with your article's speculation that the "report may hit prospects for debt rescheduling". On the contrary, we consider a candid review of public expenditure management to be a key step in Nigeria's implementation of its structural adjustment programme and its efforts to secure concessionary and longer term debt relief from creditors.

The World Bank has consistently supported, and continues to support, the government's efforts to seek relief from its external debt burden, without which the economic recovery and growth of this most populous country in Africa would be difficult – a point which was made in your accompanying article on Nigeria entitled "An urgent need for debt relief".

Edwin R Lim,
director,
Western Africa Department,
The World Bank,
Washington DC, US

Not much of a stimulus

From Mr Dan Bunting.

Sir, I have noticed recently that governments in the English-speaking economies, when increasing their borrowing requirements, are apt to refer to the process as providing "a net fiscal stimulus".

There are three ways of running a public sector borrowing requirement and during my career I have seen all of these in operation. Under the most liberal regime, part or all is financed by borrowing from banks, or indeed from the central bank, this process being referred to colloquially as "printing it".

I am able to recall long strategy meetings during the 1970s when gilt-edged specialists engaged in heated debate regarding the exact extent to which the government would fund its deficit or simply print the difference.

I think it is uncontroversial that financing by such means expands money supply and hence economic activity or the price level. Indeed, if the US economy should fail to respond to successive reductions in interest rates ("pushing on a piece of string") then it must surely be by this means that the Federal Reserve will avert serious depression.

Now for the sake of clarity let us move to the opposite process. Under this mode, the government runs a deficit; finances it more conservatively, by means of bond issues; and in fact does more than this, and "over-funds" the deficit, by issuing more bonds than necessary.

I seem to recall this in operation during one of those phases when a socialist government, in reaction to early excesses, embarked upon exaggerated fiscal rectitude. I think it is uncontroversial that this process, like any process of asset sale for the liquidation or avoidance of borrowing, mops up liquidity and therefore reduces money supply and economic activity or the price level.

We now turn to the present. It seems that the present vogue is for governments neither to "print" nor to over-fund, but to fund exactly, by means of bond issues. This process neither stimulates nor depresses the economy; the effect on credit creation is neutral. The only effect is to transfer resources into government spending – in order to buy votes – at the expense of other activities such as private sector investment or exports.

In short, we eat the seed corn at the expense of our children.

Dan Bunting,
investment strategist,
Matheson Securities,
16 St Helen's Place,
London EC3A 6DE

Looks good

From Mr D Goch.

Sir, Re the FT's new look – I like it.

D Goch,
Coster Aerosols,
Babbage Road,
Stevenage, Herts SG1 2SQ

FINANCIAL TIMES
Wednesday March 25 1992

United Nations demands handover of Lockerbie suspects

Libya set 24-hour ultimatum

By Michael Littlejohns in New York and Our Middle East Staff

LIBYA was yesterday given 24 hours by the United Nations secretary-general to supply a written commitment to surrender the alleged Lockerbie bombers to Britain or the US.

The ultimatum from Mr Boutros Boutros Ghali was put to Dr Ali Elhouderi, Libyan ambassador to the UN.

Britain, the US and France have said they will not push through a UN resolution calling for sanctions against Libya until Tripoli has replied.

According to a spokesman for Mr Boutros Ghali, the Libyan ambassador had informed the UN chief of "his government's willingness to hand over the accused persons". However, it remained unclear last night to whom, and by when, the Lockerbie suspects would be delivered.

In response to Libya's offer on Monday to hand the two men over to the Arab League, Mr Boutros Ghali has sought written confirmation that this "would be a first step in complying fully and unconditionally" with UN Security Council Resolution 731. The resolution calls for their surrender to British or US authorities seeking their extradition.

Mr François Giuliani, the UN spokesman, said no arrangement was in hand for an early transfer.

An Arab League delegation, led by its secretary-general Mr Esmat Abdel-Maguid, arrived in Tripoli yesterday to discuss with Libya the proposed handover to the 21-nation league.

Libya made the offer after Arab League foreign ministers had offered only limited support for Libya in its confrontation with Britain, the US and France over its alleged role in the bombing of a Pan Am jet over Lockerbie, in Scotland, in 1988 and a French UTA jet over Niger in 1989.

However, details of any handover were unclear yesterday and earlier optimism at the UN that the accused Libyans might soon be in British or American hands gave way to a suspicion that, as one senior official put it, "we're getting a runaround".

One UN official said there were fears that Libya might want to wait for the outcome of proceedings it has initiated at the World Court. These could take weeks and Britain and the US evidently would be unwilling to give Tripoli so much time.

The sanctions resolution could be reactivated quickly if members concluded that Col Muammer Gadaffi, the Libyan leader, had taken a leaf out of Iraqi president Saddam Hussein's book and was simply stalling.

Russia unlikely to hit budget targets

By John Lloyd in Moscow

THE RUSSIAN government looks as though it will fail to meet nearly all its budgetary targets for the first quarter.

Reports yesterday pointed to a budget deficit in the first quarter of this year of Rbs84bn, or around 25 per cent of the total planned budget expenditure of Rbs420.5bn for the period.

The government had planned a balanced budget, but in January revised this to a deficit of about 2.5 per cent of planned expenditure.

The targets have fallen victim to the spiralling decline in production, the inability or refusal to pay taxes on the part of enterprises and regions, and the government's own tendency to exempt autonomous areas in Russia from legislation and regulations governing payment to the centre.

According to figures supplied by the finance ministry and printed in the daily Izvestia, the government received Rbs190bn, a shortfall of Rbs230.5bn on the revenue expected for the first quarter.

Taxes have been widely evaded, with value added tax, which was introduced at the start of the year and expected to raise over Rbs130bn, yielding only a third of this at Rbs44bn.

At the same time, a confidential memorandum prepared for President Boris Yeltsin, and leaked to the Nezavisimaya Gazeta newspaper, claimed that many of the regions and autonomous republics had negotiated special arrangements to avoid paying tax and other duties, with the result that "a hundred billion roubles" were being lost in state revenues.

The leaked report says huge pressure has been brought to bear on the government by regional authorities to grant them ad hoc exemptions in order to quieten their fears that enterprises will collapse.

A new opinion poll in Izvestia shows trust in the government and its reforms falling rapidly with only one third of Muscovites questioned believing that Mr Yeltsin would pursue reforms which would improve living standards.

Only 25 per cent of industrial workers believe that reforms would benefit them.

Ukraine approves currency plan, Page 2

Fate of British humour may prove no laughing matter

By Raymond Snoddy in London

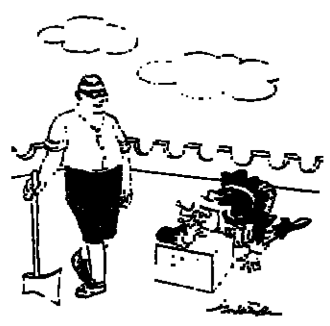
THE survival of a unique remnant of the traditional British sense of humour – Punch magazine – hinged last night on a last-minute infusion of American money.

United Newspapers, publisher of the Daily Express and owner of Punch since 1963, decided yesterday that funding the magazine's annual losses of more than £1m ($1.7m) was no longer funny and set a closure date of April 8.

The brief stay of execution was designed to discover whether anyone wanted to buy the 150 year old magazine which rejected all the submissions of Charles Dickens, but encouraged P.G. Wodehouse.

Over the years, contributors included Sir John Tenniel, illustrator of Alice in Wonderland. One editor, Malcolm Muggeridge, complained that having to be funny every week was one of the worst jobs in the world.

Yesterday, things got interesting just as Mr David Thomas, Punch's editor, was trying desperately to think of appropriately funny last words.



Think carefully. I'm sure you'd like your final words to be as funny as possible.

"I feel like Fergie," he said, in a reference to the Duchess of York whose marital separation was announced last week. "Everything, including us, criticised everything she did but we'll all miss her when she's gone."

As he moved on to compare himself with the captain of the Titanic, Mr Thomas suddenly had a message – "An American publisher wants to buy Punch" – shoved under his nose.

The assets amount to considerably more than the title. These include Mr Punch, the magazine's symbol, a talented team of writers and cartoonists, plus a circulation that last year averaged 33,000.

In the Punch library, there are bound volumes of every issue of the magazine and more than 2,000 original drawings.

In addition to the US interest, two of the magazine's columnists, Mr Richard Littlejohn and Mr Mitchel Symons, were last night trying to raise venture capital to keep Punch alive and British, at least on a monthly basis.

If Punch were to close, the greatest losers would be cartoonists. "It's a tragic blow for cartoonists. It was the showpiece, the place where people made their reputations," said Mr Mike Williams, a contributor for 25 years.

Mr David Langdon, who submitted two cartoons yesterday for the UK election, had the first of 5,000 Punch cartoons published in 1937. His original cartoon showed one sheep asking another what it did when it couldn't sleep. Reply: "I count shepherds."

Such a gag evokes the classic response of Sir Francis Burnand, the fourth editor, to criticism that the magazine wasn't as funny as it used to be. "It never was," he said.

Belgian blast-off: Dirk Frimout became the first Belgian in space when he and six other astronauts began an eight-day mission aboard the US space shuttle Atlantis yesterday

Prospect of German rate cut recedes

Continued from Page 1

to lower its rates soon, but the rate of expansion in the money supply and high wage claims have tended to alter that view.

Mr Thomas Mayer, senior economist with Goldman Sachs International in London, said he expected no decline in the first half.

"The autumn is the time when you could see a little move downwards," he said. Bigger rate cuts could then come next year.

The Bundesbank said that the main force propelling M3 was the volume of bank lending to companies and individuals, though this had weakened slightly in recent months; long-term lending remained strong, while short-term lending eased.

Overall, lending to the private sector rose by DM16bn ($9.6bn) in February compared with DM14.7bn in the same month of last year.

In the past six months, such lending has risen at an annual seasonally adjusted rate of 11.5 per cent.

THE LEX COLUMN

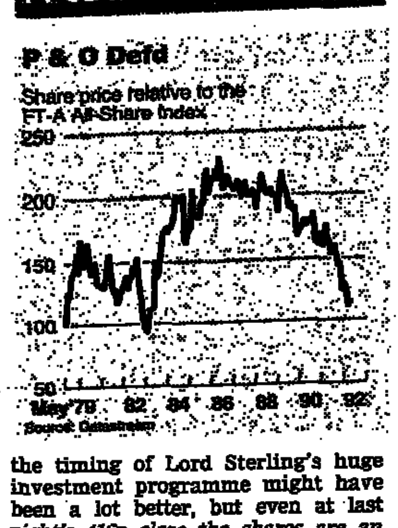
German lesson for Europe

It is perplexing that German bond yields should suddenly be back over 8 per cent. There was never any doubt that money supply growth – 8.5 per cent in February – would be slow to return to its target range or that inflation would be pushing up towards 5 per cent this month. Perhaps investors feared the Bundesbank would tighten further after Friday's 9 per cent settlement for heating workers. But Bonn is taking a tough line on public sector pay and it would be uncharacteristic for the central bank to react to each twist in the round. The simple explanation seems to be the market has finally given up hope of lower money rates in the foreseeable future.

The prospect that the yield curve will remain sharply inverted thus adds to the attraction of cash. German bankers report customer time deposits are growing sharply. Curiously, though, money leaving the German bond market does not seem to be seeking higher long-term returns elsewhere in Europe.

The yield curve is inverted elsewhere, of course, while the UK and French markets have political worries of their own. But even in Denmark, where inflation is only 2.3 per cent, the spread over German bond yields has widened by some 30 basis points this year. That suggests deeper doubts over currency union and yield convergence. If the Bundesbank really is determined to stay the course, some of its partners may eventually decide they have no choice but to realign.

FT-SE Index: 2458.7 (+17.7)



P & O

Relief that there was no property black hole, combined with a smaller than expected drop in profits, contributed to an 8 per cent jump yesterday in P & O shares. That said, investors are entitled to feel a mite puzzled that revaluations of the newly divided Pall Mall empire and other group real estate produced so little bad news. P & O has little exposure on the development side, to be sure, but the negligible writedown of the Bovis land bank and mere 4 per cent balance sheet hit for investment properties certainly contrasts with experience elsewhere.

This would matter more if gearing, which, thanks to the Chelsfield deal is back at 70 per cent, was steaming ahead like it was before the rights issue last summer. Falling capital expenditure and sizeable property sales over the next two to three years, though, promise to relieve this pressure in the medium term. In retrospect the timing of Lord Sterling's huge investment programme might have been a lot better, but even at last night's 416p close the shares are an attractive recovery play. Not many companies with cyclically depressed profits stand on a lower than market average multiple; a 10 per cent yield implies caution on the dividend front which does not now appear justified. Real glimmers of economic recovery, however, will have to appear before the market is convinced.

Laporte

Judging by yesterday's results, Laporte has not been quite as successful in defying recession this time as it was a decade ago. But a 6 per cent fall to £97m in pre-tax profits for 1991 was not a bad performance: the figure would have been flat were it not for a £6m hit from the permanent loss of one customer in its absorbents division. It is nonetheless striking to recall that 18 months ago the market confidently thought Laporte would be making £145m last year. It is just as well the group has insignificant gearing and that the increased dividend was comfortably covered.

The logic of separating from Solvay was accepted when the break-up of their Interox joint venture was announced last year. Yesterday's details suggest both sides achieved their objective, so Laporte was ungracious towards its partner in suggesting that Interox had become a drag on profits growth. Its main reason to separate was to concentrate on high-margin specialty chemicals, a strategy taken a step further by the acquisition of Rockwood, a US pigments producer.

Investors must take the numbers on trust, but earnings from Rockwood should more than offset the loss of the full contribution from Interox. All the same, Laporte needs economic recovery if progress this year is to be anything more than steady. That outlook is properly reflected by the average rating of its shares.

Prudential

The Pru's decision to stop writing general insurance via brokers is a rare bit of cheerful news for UK composites. The move could yet look silly if the cycle suddenly turned – but then sceptics said the same about Mr Newmarch's humiliating exit from the estate agency game, and who is now to say that he was wrong? Even in better times broker-related general insurance is too small to make decent returns.

Like Legal and General, the Pru would no doubt be happy if its transformation to a purer life and pensions business could be speeded up even more. Last year's somewhat disappointing 9 per cent pre-tax profits rise, for example, bore the mark of increased losses from the non-life side of the reinsurance group, Mercantile and General. It is too early to be alarmist, but one wonders just how long the sizeable prior year claims will recur. The Pru is putting its substantial weight behind M and G for the moment, but the company may yet provide Mr Newmarch with his next chance to swing the axe.

Lloyds Bank

Greatly though Lloyds Bank will miss the courteous erudition of Sir Jeremy Morse, the succession to Mr Brian Pitman as chief executive actually matters more. Since Mr Pitman assumed his post in 1983, Lloyds's shares have outperformed the banking sector by nearly 90 per cent. Yesterday's announcement about the chairmanship also brought confirmation that he is to stay until 1995, so presumably the future is assured until then. But there is one caveat.

Some might argue that Lloyds' dalliance with Midland meant Mr Pitman had lost his deftness of touch. In fact a merger could just about have been justified by the scope for cost-saving. Alternative propositions will need an even more critical look. In the long run, shareholders would be more grateful for surplus funds to be paid out in dividends than frittered away on a reckless buying spree.

Labour takes clear lead in three UK polls

By Ivo Dawnay, Ralph Atkins and David Goodhart in London

AS THREE opinion polls yesterday gave Britain's opposition Labour party a clear lead over the Conservatives, Mr Neil Kinnock moved his party's election campaign on to its strongest territory, the National Health Service.

Amid Conservative claims that Labour was in disarray over its economic proposals, the Labour leader called on Mr John Major, the prime minister, to debate face-to-face the Conservatives' plans for the NHS's future.

The latest opinion polls upset Tory hopes that a five-point Conservative lead in a poll yesterday marked a turning point. Labour's lead varies from one to four points. The rise in Labour's lead since the weekend highlights the apparent failure of the Conservatives' aggressive campaigning on taxation to swing voters. The latest FT "poll of polls" puts Labour two points ahead.

Labour, meanwhile, indicated it would not implement its proposed minimum wage until next year and would then stick to the rate of £3.40 (about $5.80) an hour rather than the original policy formula of half of median male earnings. The combination of the delay and the lower rate would mean that the number of people affected by the minimum wage would be substantially lower, the wage bill cost for employers would be markedly down, and the expected job losses would also be reduced.

On health, Mr Kinnock claimed the government had created a "two-tier" system as part of a scheme to break up and privatise health care. He pledged that he would "get into every nook and cranny of the Tory plan so that they can't fool the people this time".

For the Conservatives, the start of the health debate will trigger concerted efforts to prove that Labour will not have the financial resources to meet its pledges. Senior ministers are expected to argue that the impact of Labour's national minimum wage will absorb up to half the annual £1bn ($1.7bn) in additional health funding promised under Labour's "shadow budget" last week.

Labour officials dismiss this charge, saying the entire £1bn would go directly to patient care. Increased wage costs would be met by the rise in revenues that automatically result from the minimum wage proposal.

Election 1992, Pages 8-9

World Weather

		°C	°F
Ajaccio	F	11	52
Algiers	R	11	52
Amsterdam	F	8	46
Athens	F	16	61
Bahrain	S	20	68
Bangkok	F	35	95
Barcelona	S	12	54
Beijing	S	14	57
Beirut		–	–
Belfast	F	10	50
Belgrade	F	19	66
Berlin	F	6	43
Biarritz	C	6	43
Bombay	S	33	91
Bordeaux	C	9	48
Boulogne	F	8	46
Brussels	F	6	43
Budapest	F	14	57
Buenos Aires	F	22	72
Cairo	S	25	77
Cape Town	S	29	84
Caracas		–	–
Casablanca †	R	15	59
Chicago †	S	-2	28
Cologne	F	8	46
Copenhagen	C	6	43
Corfu	S	17	63
Dallas †	S	7	45
Dublin	C	10	50
Dubrovnik		–	–
Edinburgh	C	8	46
Faro	S	16	61
Florence	R	7	45
Frankfurt	F	7	45
Geneva	T	3	37
Gibraltar	F	16	61
Glasgow	F	9	48
Helsinki	R	2	36
Hong Kong	Dr	19	66
Innsbruck	Sn	1	34
Inverness	C	6	43
Islamabad	F	22	72
Istanbul	F	16	61
Jakarta	R	33	91
Johannesburg	R	20	68
Lima	F	29	84
Lisbon	F	15	59
London	C	8	46
Los Angeles †	S	11	52
Luxembourg	R	2	36
Madeira	F	17	63
Madrid	F	9	48
Majorca	F	10	50
Malaga	F	16	61
Malta	S	18	64
Manila	F	33	91
Melbourne	C	19	66
Mexico City	C	23	73
Miami †	C	18	64
Milan	F	11	52
Montreal †	S	-10	14
Moscow	S	3	37
Munich	R	2	36
Nairobi	C	28	82
Naples	F	18	64
Nassau	C	31	88
New Delhi	F	28	82
New York †	S	-2	28
Nice	S	16	61
Nicosia	S	17	63
Oporto	F	12	54
Oslo	S	6	43
Prague	R	3	37
Reykjavik	R	7	45
Rhodes	R	14	57
Rio de Janeiro	F	36	97
Rome	C	15	59
Salzburg	R	4	39
S'Francisco †	C	12	54
Seoul	R	8	46
Singapore	F	34	93
Stockholm	Sn	0	32
Strasbourg	F	7	45
Sydney	F	24	75
Taipei		–	–
Tangier	F	15	59
Tel Aviv	F	18	64
Tenerife	S	21	70
Tokyo	C	14	57
Toronto †	Sn	-6	21
Tunis	S	24	75
Valencia	F	15	59
Venice	R	11	52
Vienna	C	14	57
Warsaw	F	7	45
Washington †	S	0	32
Zurich	Sl	3	37

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday March 25 1992

INSIDE

New formula from Ciba-Geigy

When Dr Alex Krauer, Ciba-Geigy's chairman, presents the group's results on Thursday, it will signal two steps in his attempt to transform the Swiss chemicals company. By announcing the figures in London, he will reinforce his efforts to drag the company from its secretive Swiss fastness. And he expects to demonstrate the first benefits of a reorganisation. **Page 19**

Sting in the tail

HALIFAX

Pre-tax profits at Halifax Building Society, the largest UK mortgage lender, rose by 6 per cent in the year to January 31 1991 in spite of the recession. However, one sting in the tail of this year's results for Halifax is that they are probably the last in which its total asset size is greater than that of its faster-growing rival, Abbey National. **Page 23**

Cathay Pacific recovers

Cathay Pacific Airways, the international airline subsidiary of Hong Kong's Swire Pacific group, announced a recovery in the second half of 1991, with net profit for the full year falling by just 1.5 per cent. **Page 18**

TNT allays concerns

Sir Peter Abeles (left), chief executive of TNT, the Australian transport and express mail group, has a message to the markets: after a year of hectic dealmaking, the group has sorted out its problems, and is on track for a return to profit. Sir Peter, 68, flew back to TNT's Sydney headquarters from Europe this week with with three deals in his pocket which he believes will put an end to investors' concerns. **Page 18**

Brokers turn to miracles

A swirl of speculative activity during the past month has boosted shares of Japanese biotechnology companies, as brokers, eager to lift faltering commission revenue, have turned to "thematic trading" by promoting drug and food companies which are developing new "miracle" drugs. **Back Page**

P&O beats expectations

Better-than-feared results and the untangling of a property joint venture helped the share price of P&O, the shipping group, jump 32p to 416p in London yesterday. Pre-tax profits for 1991 were 17 per cent lower at £217.4m ($376m), but the City of London had been expecting a figure of around £200m. **Page 19**

Randsworth Trust

In yesterday's edition it was reported that Randsworth Trust, the UK property company, was last week placed in administrative receivership. The name of the company should have been Randsworth Acquisition.

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Asko	885	+	15	CCF	189.5	+	6
BMW (Br)	571	+	9.1	Moulinex	183.5	+	7.2
Goldschmidt	875	+	15	**Falls**			
Hoesch	255.5	+	7	Acoll Entrepr	1021	–	68
Falls				Euro Disney	153.5	–	6.4
Colonia Knzn Pf	585	–	15	GTM-Entrepose	385	–	9.5
Wella Prf	628	–	8	Skis Rossignol	765	–	18
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
BancOne	47⅜	+	⅞	Chugoku Bank	1500	+	90
Gap	43½	+	⅜	**Falls**			
Kmart	54	+	½	Daito Wool Spng	1350	–	210
SPS Transactn	20⅝	+	⅝	Hachijuni Bank	1070	–	100
Sterling Chemcl	4¾	+	⅝	SPC Electronics	3000	–	380
Falls				Shinagawa Refr	1110	–	120
General Motors	37⅜	–	1¼	Toyo Chemical	550	–	50

LONDON (Pence)							
Rises				**Falls**			
AAF	170	+	12	AssocFisheries	118	–	24
Barr & WAT A	201	+	14	Bridon	75	–	14
Bluebird Toys	82	+	7	Brit Steel	70	–	5
Business Tech	26	+	4	Castle Mill	4¾	–	3¼
Glaxo	814	+	32	Colorgraphic	32	–	11
Goal Pet	44	+	4	Cussins Prop	47	–	6
Kingfisher	460	+	14	Jacques Vert	61	–	14
Lonrho	107	+	6	MTM	77	–	6
ML Hldgs	34	+	6	Mallett	72	–	5
P & O Dafd	416	+	32	Norex	109	–	7
Shoprite	391	+	16	Young Brew A	458	–	22
Wellcome	978	+	34				
Wessex Water	387	+	12				

Hoechst warns of standstill

German chemicals group dismisses slight sales rise, writes Paul Abrahams

Wolfgang Hilger: calls for "determined action"

HOECHST, the German chemicals group, yesterday warned that there had been no sign of an upturn during the first two months of 1992.

Group sales increased 3 per cent during the first two months compared with the same period last year, said Mr Wolfgang Hilger, chairman. However, more than half of the increase was because of an improved dollar exchange rate while the rest was made up by pharmaceuticals which continued to sell well.

Demand and production in Germany and Japan had declined while the economic recovery in the US was faltering, said Mr Hilger. During the second half of the year the company was hoping for a US-led recovery. Any improvement was likely to be weak and gradual and the German market would be the last to improve, he said.

Demand for plastics and plastic film had so far been very weak. Mr Hilger warned a good profit could not be earned when overall demand was at a low level and prices were poor.

The situation called for determined action, he said. The company was continuing to rationalise, particularly in Germany, and expected the number of job losses there to be at least equal to the 2,149 lost over the past 14 months. The company was looking at contracting out certain non-essential services.

A number of plants were also being closed, he said. Hoechst is ceasing production of phosphorus and detergent phosphates in Germany. Factories producing some dye intermediates and fine chemicals are also being shut down.

Mr Hilger again attacked German environmental legislation that disadvantaged German-based companies without producing any measurable environmental benefit.

During 1991 operating costs for the environment increased 10 per cent to DM1.6bn ($961.6m) while capital expenditure increased by DM18m to DM343m.

Mr Hilger also criticised the debate in Germany about genetic engineering, saying pharmaceutical research in the future was inconceivable without the technology. Hoechst could afford no more delays and was transferring an anticoagulant project to France and a manufacturing plant for Factor XIII, vital for haemophiliacs, to Japan.

Mr Hilger said Hoechst had stood the acid test of 1991, but not without wounds. Pre-tax profits, already reported, fell 20 per cent to DM2.56bn while turnover improved 5 per cent to DM47.2bn. Sales volume increased 2 per cent while prices were slightly above last year's.

Berlusconi abandons La Cinq rescue bid

By Alice Rawsthorn in Paris

THE future of La Cinq, the troubled French television channel, was last night shrouded in doubt after Mr Silvio Berlusconi, the controversial Italian media mogul, abandoned his FFr1.5bn ($260m) rescue plan.

Mr Berlusconi, one of the original shareholders in La Cinq, has been trying to raise capital to save the station, which filed for bankruptcy at the beginning of this year, since early February when his rescue proposals were passed to the Paris commercial court for further consideration.

When he presented his proposals, Mr Berlusconi claimed to be optimistic over raising enough money to implement the package, which involved an initial capital injection of FFr700m and a second of FFr800m.

Fininvest, the company through which he holds his 25 per cent stake in La Cinq, said yesterday in Rome that Mr Berlusconi had also been deterred by the discovery of accounting problems at La Cinq.

The collapse of Mr Berlusconi's rescue plan has dealt a heavy blow to La Cinq's chances of survival. Mr Berlusconi emerged as the only serious contender to salvage the station when bids were submitted earlier this year.

La Cinq, which is best known in France for its late-night line-up of soft pornography, has continued to broadcast since the bankruptcy filing. Mr Berlusconi has paid the staff's salaries for the six weeks during which the commercial court has been considering his proposals.

The channel was still broadcasting last night in spite of the news of the withdrawal. Mr Michel Rouger, president of the Paris commercial court, will deliver his decision on its eventual fate on April 3.

If La Cinq does goes off air, it could prove embarrassing for France's socialist government, still bruised by its disastrous showing in last Sunday's regional elections.

So far the government has sought to distance itself from the station's problems, claiming that it has no influence over privately-owned TV companies.

Meanwhile, a number of broadcasting companies, such as the French language news service proposed by TF1, Canal-Plus and M6, are working on plans for channels to replace La Cinq.

Richard Waters reports on the outlook for European bond markets

Downhill from the Maastricht summit

The Maastricht glow has well and truly faded from the European bond markets. Four months ago, most investors thought that bond prices were heading only one way – up.

Today, that view looks distinctly tattered. The strong rally in all European bond markets that followed November's Maastricht summit on economic and monetary union and continued to drive bond prices up early in the new year has gone into reverse. In the UK and France, virtually all the post-Maastricht gains have now been wiped out, largely during the past fortnight (though yesterday brought some relief).

"The European bond markets can't really get going again until the third quarter [of the year]," says Mr Andrew Burtenshaw, a fixed income fund manager at Norwich Union, the UK insurer. In the meantime, he says, the outlook in all markets is "either bad or uncertain".

Lower bond prices mean higher yields. As the charts show, yields in the main European government bond markets, which fell after Maastricht, have been heading up. That means higher borrowing rates, and a longer haul out of recession in countries such as the UK.

What went wrong? Two factors accounted for the rally, and explain why the market has now lost its shine. One was the widespread belief that German interest rates would fall by the spring, as the Bundesbank succeeded in re-exerting its normal vice-like grip on German money supply (a grip which had loosened after reunification).

The other factor was the agreement in principle on economic and monetary union reached at Maastricht, which led to a consensus among bond market participants: that interest rates across the community were set on a path which would bring them ever-closer.

Both hopes have faded. High wage settlements and rapid growth in the German money supply mean that a relaxation in German interest rates has been put on hold. This week, Bundesbank officials warned that it may be late summer before German rates come down. Some investors say that, in the meantime, they may well have to go up.

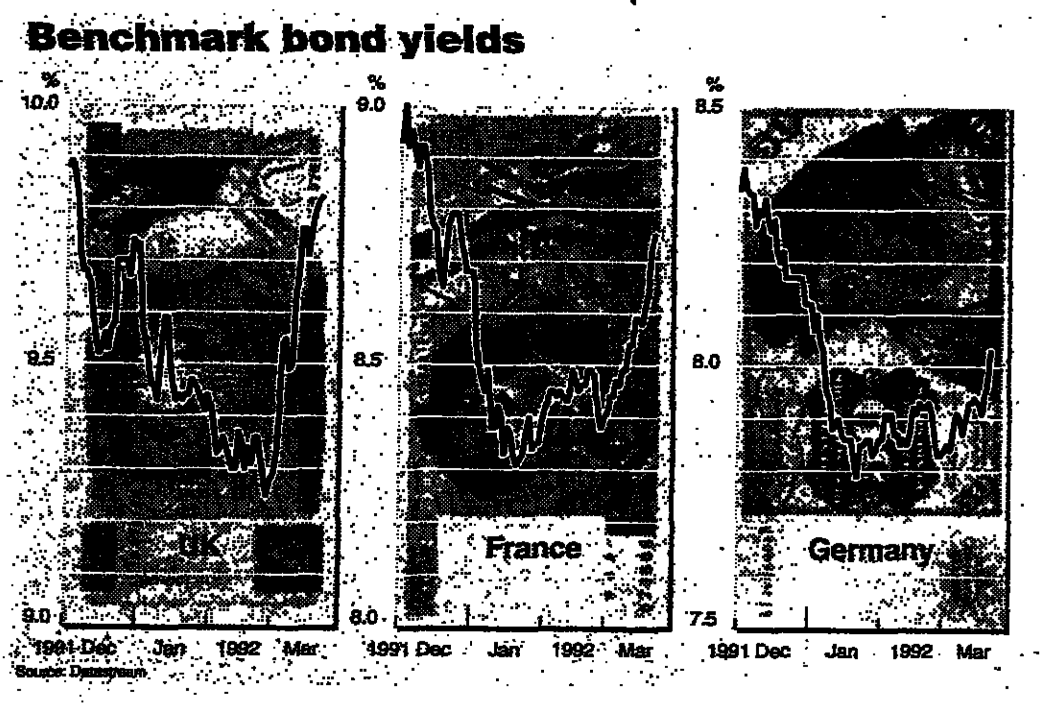
That view is not shared everywhere. DWS, the fund management arm of Deutsche Bank, one of the biggest bond investors in Europe, says it is increasing its weighting in German bonds. "The growth rate is coming down a bit, but we are not worried about inflation," DWS said. "We do not think inflation will rise much more."

Meanwhile, the fashionable view of convergence between EC bond markets has faded a little as investors have realised that economic and monetary union is still a long way off. Political uncertainties in France, which held regional elections last weekend, and Italy and the UK, both of which hold elections early in April, have added to the disquiet.

As a result, the gap between interest rates in Germany and some other European countries, which had been narrowing, has started to widen again. French bonds had recorded some of the best gains: the difference between French and German yields fell from 69 basis points (hundredths of a percentage point) at the end of November to 51 basis points at the start of the year. Now, that gap has opened up to 70 basis points again.

Taking inflation into account, the move is even more marked. French inflation levels moved below those in Germany last year: that means the gap between "real", after-inflation rates in France and Germany have opened up even wider.

The sell-off in the bond markets may already have been overdone, many investors say. Most still expect German interest rates, once they start to fall, to decline sharply, pulling down interest rates across the community in their wake. "We have been buying into the weakness," says Mr Burtenshaw. "Looking over the next 12 months, yields look very attractive."



Some markets look a better prospect than others. The decline in French inflation and the feeling that last weekend's elections were not as bad as they might have been has encouraged some, such as DWS, to increase their investments. Others, such as the UK, seem set for a troubled ride, at least until political uncertainties and devaluation fears are out of the way.

The general optimism about the outlook for the rest of the year is not shared by all.

Legal and General, one of the UK's largest insurers, says it took a decision to reduce its exposure to European bonds earlier this year, and sees no reason yet to change its view. German commitment to the Maastricht proposals is still uncertain, says Mr David Shaw, head of fixed income investment: a rejection of the deal could yet lead to a nasty backlash in other European bond markets. "It's too early to get the flags out and wave goodbye to high interest rates," he said.

International bonds, Page 21

Purchase heralds Microsoft shift into database software

By Louise Kehoe in San Francisco

MICROSOFT, the world's largest maker of personal computer software, is to acquire Fox Software, a privately held developer of database programs for desktop computers, for 1.36m Microsoft shares, valued at about $175m.

Fox, based in Perrysburg, Ohio, specialises in database software, used to organise libraries of data and retrieve information.

The acquisition heralds Microsoft's entry into the database management software field, one of the few categories of desktop computer software in which the company does not compete.

Microsoft has been developing its own database programs, but has yet to launch any products.

With its acquisition of Fox and entry into the database program market, Microsoft will compete directly with Borland International, the leading maker of database software for personal computers.

Borland's stock price fell on news of the Microsoft acquisition yesterday, to close at $63, down $7¼.

Microsoft's stock remained relatively steady yesterday and closed down $1 at $127½.

Microsoft will combine its own development team with the Fox group at Microsoft's headquarters near Seattle, Washington.

"Our intention is to combine expertise and provide users with a family of complementary products," said Mr Bill Gates, Microsoft chairman and chief executive.

Among these offerings will be Microsoft's in-house developed database program, code-named Cirrus, for personal computers that run Microsoft's Windows operating system.

Mr Gates said: "Fox offers the best database development environment for desktop database applications across multiple platforms. We soon will be able to offer customers a complete family of superior scalable database applications and development environments."

Mr David Fulton, Fox's president, will join Microsoft to head its newly formed database software division.

Microsoft said the acquisition was subject to government approval. The companies expect the transaction to be accounted for as a pooling of interests. Microsoft said it was not expected to have a material impact upon financial results for the quarter ending June 30.

Midland chief blocked Lloyds merger

By Robert Peston in London

A MERGER between two UK banks, Lloyds and Midland, was scuppered when Midland's chief executive, Mr Brian Pearse, threatened to resign only hours before the announcement of the merger talks was to be made to the London Stock Exchange, it emerged yesterday.

This brinkmanship at the highest level of Britain's clearing banks took place while Hongkong and Shanghai Bank was deciding whether to bid for Midland, which it said it would do last week.

According to an authoritative account of the behind-the-scenes manoeuvring leading up to the Hongkong bid, an announcement that Lloyds and Midland planned to merge was scheduled to be made at 8.30am on March 3. The banks' brokers – Cazenove for Midland and Hoare Govett for Lloyds – had been alerted and a press conference planned.

However, late on March 2, Mr Pearse told Mr Brian Pitman, Lloyd's chief executive, that he could not play a role in the merged organisation. As a result, Lloyds could not proceed with the announcement.

Bankers said yesterday that Mr Pearse took his stand because he believed Midland was being "bounced" into a agreeing a deal which was likely to be blocked by competition authorities in the UK and the European Community.

"A merger of the two banks would have entailed massive job losses and branch closures at Midland," said a banker with a close knowledge of the talks.

"Morale among Midland's staff would have been devastated. It would have been almost impossible to rebuild that morale if the merger had been blocked."

Lloyds began analysing the likely benefits of a deal a year ago. In December it appointed Mr Andrew Tuckey, chairman of merchant bank Baring Brothers, to advise on the deal.

In spite of the March 2 rebuff, Lloyds was invited to make a presentation of the merger to Midland's board on March 13. That morning, Sir Jeremy Morse, Lloyds' chairman, and Mr Pitman put their case to Midland's directors. That afternoon, however, Mr William Purves, Hongkong chairman, also made a presentation to the Midland board saying why Midland should be taken over by his bank. In the evening, Mr Pitman was told he had lost the competition.

Lloyds chairman named, Page 19

INTERNATIONAL COMPANIES AND FINANCE

Takeover drive puts TNT on road to profit

The Australian transport group is winning back investors' confidence, writes Kevin Brown

SIR Peter Abeles, chief executive of TNT, the Australian transport and express mail group, has a message to the markets: after a year of hectic deal-making, the group has sorted out its problems and is on track for a return to profit.

Sir Peter, 68, flew back to TNT's Sydney headquarters from Europe this week with three deals in his pocket. He believes these will put an end to investors' concerns about the group's profitability and liquidity.

He also made clear his intention to go on managing the company, which he transformed during the 1970s and 1980s from a small haulier into an international shipping, aviation and trucking conglomerate.

"I have no plans to retire; I have not got time for it," he said in response to rumours that he intended to hand over management to one of TNT's younger executives.

Under Sir Peter's guidance, TNT expanded rapidly through the 1980s, from revenues of A$1.7bn (US$1.29bn) in 1984 to A$4.5bn in 1990. At their peak, the shares were worth well over A$4 on the Australian Stock Exchange.

However, the group ran into trouble early last year when institutional investors began to worry about the high level of debt incurred to finance growth.

With bank debt and subordinated loans totalling A$2.2bn, compared with shareholders' funds of A$1.1bn, TNT looked vulnerable to the growing recession in its main markets in Australia, the US and the UK.

There were also worries about the group's entrepreneurial nature and its close relationship with Mr Rupert Murdoch's News Corporation, which was then struggling to cope with severe financial problems.

Like Mr Murdoch, Sir Peter had shown himself willing to take big risks. In the UK, for example, TNT's big breakthrough came when its trucks carried Mr Murdoch's newspapers through the picket lines at News Corp's non-union printing plant in London's Docklands.

Sir Peter has also been noted for dramatic moves into new markets, usually in an attempt to establish domination as a precursor to improving margins through economies of scale.

In one spectacular deal, he bought five years' production of the British Aerospace 146 Quiet Trader, amounting to 72 aircraft at about A$30m each. Only 24 were destined for TNT's own transport activities – the rest were to be leased to other users.

Investors were also specifically concerned about Ansett Transport Industries, which runs Australia's biggest domestic airline, and Ansett Worldwide Aviation Services, an aircraft leasing company.

The Ansett companies are jointly owned by TNT and News Corp, and both looked likely to suffer falling revenue as the recession and an oversupply of aircraft reduced demand.

TNT has simplified its structure by refocusing on its three core areas of distribution

Concern about the group was triggered by declining profits in 1989 and 1990 as European losses and the onset of recession squeezed margins. But it was not until the shares fell to a low of 75 cents in January last year that the board reassesed its growth strategy.

Since then, TNT has simplified its structure by refocusing on its three core areas of international express, domestic express, and commercial distribution.

It has sold holdings in non-core businesses such as Foster's Brewing Group and Normandy Poseidon, the Australian resources group, and substantially allayed fears about the exposure of the Ansett companies.

The group made a net loss of A$197m in the 12 months to June 1991 and a further A$51m loss in the six months to December. However, the worst appears to be over, and investors have begun buying the stock again, propelling it to nearly A$2 in recent trading.

The key to TNT's revived confidence is four big deals, three of which were concluded last week. The deals are:

- The flotation of 70 per cent of TNT Freightways, the group's US trucking business, to raise A$400m;
- The acquisition of Chronoservice, a leading French express carrier, which fills a gap in TNT's network of domestic express businesses in Europe;
- A sub-contracting agreement with Federal Express, the US carrier, for the delivery of inbound packages to 10 European countries;
- The setting up of GD Net, a Dutch-based joint venture which will merge the express mail and parcel activities of TNT and the post offices of Sweden, the Netherlands, France, Germany and Canada.

The FedEx deal, which cost less than US$18m, removes a big competitor from the European market and gives TNT access to additional revenues of up to US$100m, although the group says it does not expect to retain the whole of FedEx's business.

However, the most significant deal is the formation of GD Net, which is expected to generate additional revenue of US$120m in the first year. That will, in 1992-1993, help propel the European business into profits for the first time.

In addition, the deal allows TNT to remove A$600m in long-term debt from its balance sheet, helping reduce the ratio of long-term debt to shareholders' equity to about 1.3 or 1.4 to 1 from from 2.2:1 in 1990.

"We are on the way to a 1:1 debt to equity ratio by 1993. The majority of it has been done, and there is no question but that we will meet that target. Our debt has come down tremendously," Sir Peter said.

TNT puts much blame for the group's problems on the "unsophisticated" Australian market, which executives believe failed to understand the express business.

"The way we were perceived in Australia had a major impact on us overseas – the post office deal nearly collapsed three times because of the perception which built up, and other deals were also affected," Sir Peter said. "It did not matter how many times we said we could pay our bills, people just did not believe it."

TNT says it sees no indications that the recession in its main markets is easing, but hopes for a rapid return to profitability once the European international activities move out of losses. "That will remove the biggest drag on our profits," Sir Peter said.

He refused to say when profits might return to the record level of A$274m, achieved in 1988. But he suggested the improvement might be more rapid than expected. "We don't want to wait five years. We want to do it fast," he said.

David Gledhill: emphasised the need to contain costs

Second-half turnround at Cathay Pacific

By Simon Davies

CATHAY Pacific Airways, the international airline subsidiary of Hong Kong's Swire Pacific group, announced a significant recovery in the second half of 1991, with net profit for the full year falling to HK$2.95bn (US$380m), only 1.5 per cent below 1990's figure of HK$2.995bn.

Cathay had posted a 21 per cent drop in earnings at the interim stage, and the full-year results were above market expectations.

Earnings benefited from the weakening of the US dollar in the second half of the year, due to the amount of non-US/HK dollar denominated revenues. The airline also achieved improved productivity levels.

Mr David Gledhill, chairman, said: "The year's results have been greatly influenced by the Gulf war and the continuing worldwide recession." There was also an impact from the rising fuel price during the war and increased price competition "as airlines struggled to conserve or improve cash flow", he said.

There was a marginal decrease in passenger load factors, falling from 75.9 per cent to 73.6 per cent during the year, reflecting the weak market during the Gulf war.

Mr Gledhill was upbeat about the prospects for 1992, despite continuing double-digit inflation and the uncertain economic outlook.

"We look forward to a more prosperous 1992, albeit with some caution in respect of the progress of the world's major economies," he said. However, he emphasised the need to contain costs in an inflationary environment, in order to benefit from the airline's higher capacity increase in 1992.

The company recommended a final dividend of 31.5 cents, bringing the full year pay-out to 42 cents, the same as in 1990.

John Fairfax unveils plans for 25% float

By Kevin Brown in Sydney

JOHN FAIRFAX, the Australian newspaper group controlled by Mr Conrad Black, yesterday announced plans to float 25 per cent of its shares. The move is the last stage of a four-year recovery from a bungled takeover.

Fairfax, which publishes the Sydney Morning Herald, the Australian Financial Review and other newspapers, said it would float 173.25m shares at A$1.20, capitalising the group at about A$830m (US$633.50).

The flotation comprises 15m new shares and 158.25m clawed back from institutions which subscribed to an earlier equity raising by Tourang, the vehicle for Mr Black's acquisition of Fairfax.

Mr Black owns 15 per cent of Fairfax through his Daily Telegraph group in the UK. Hellman and Friedman, the US investment bank which co-owned Tourang, owns 5 per cent of the stock.

The institutions which subscribed to the earlier float retain about 55 per cent of Fairfax, which was put into receivership by its banks in 1990, two years after Mr Warwick Fairfax bought out other family shareholders in a highly leveraged takeover.

Conrad Black: owns 15% of Fairfax group

A prospectus released by Ord Minnett, the firm of stockbrokers, forecast a net profit of A$57m for the year to June 1993, on revenue of A$782m. The prospectus said pre-tax profits would be A$123m in the current year, and A$165m in 1992-1993.

Monopolies watchdog to pay BIL costs

By Terry Hall in Wellington

THE New Zealand Commerce Commission, the monopolies watchdog, has been ordered to pay Brierley Investments (BIL), the New Zealand investment and trading group, NZ$20,000 (US$11,000) in costs by the country's High Court after it dropped an action over the control of shareholdings in Air New Zealand.

This was the final round in a protracted 'war' which began early last year when Mr Bill Dix, Qantas chairman, said arrangements with other Air New Zealand shareholders including Brierley Investments, American Airlines and Japan Airlines, gave Qantas control of 50 per cent of voting rights on the Air New Zealand board. BIL consistently denied the accusations, and criticised the Commerce Commission for continuing with its inquiry.

Qantas owns 19.9 per cent of Air New Zealand and BIL 42.5 per cent.

In deciding to drop the action, Dr Susan Lojkine, the Commerce Commission chairman, said the commission had effectively blocked Qantas from buying more shares without its approval.

Mr Paul Collins, BIL chief executive, yesterday attacked the way the commission conducted its inquiry "by press release", and said the withdrawal of court proceedings was a vindication of BIL's position. Statements made by the commission had been damaging when they had been found to be untrue. He accused the commission of being anti-business.

Last month, the commission reopened the matter by demanding firm assurances from BIL that it was not involved in any secret arrangement to give Qantas greater control of Air New Zealand.

Net profits up 13% at Jardine Fleming

By Simon Davies in Hong Kong

JARDINE Fleming, the Hong Kong merchant banking joint venture between the colony's Jardine Matheson and Robert Fleming, the UK merchant bank, announced a 13 per cent increase in 1991 net profits to US$84m, up from US$74m in 1991. This represented a 53 per cent return on shareholders' funds.

The fund management operations had a good year, with funds under management increasing by 36 per cent to US$10bn. However, with Japan proving the weakest leading world stock market for the second consecutive year, the group has shifted its emphasis towards a wider range of Asian markets.

The broking operations performed strongly. Mr Alan Smith, managing director, said that, even in the weak Japanese market, Jardine Fleming achieved greater broking volumes, through substantially increasing its domestic sales.

The broking operations also benefited from the opening up of the South Korean and Taiwanese markets to overseas investors, since it had already established offices in Taipei and Seoul.

Jardine Fleming profited from the issue of a number of covered warrants on blue chip Hong Kong companies, while the wholesale banking business also saw earnings growth from its foreign exchange and options operations.

The results, which were in line with expectations, showed a substantial increase in operating profits, since the 1990 results had been boosted by the exceptional profit from the sale of its stockbroking interests in Taiwan.

Marui turns in first loss since stock listing

MARUI, the Japanese department store chain, reported an 8.7 per cent fall in pre-tax profit to Y57.3bn ($428m) for the year to the end of January, the company's first profit drop since its stock was listed in 1963, writes Robert Thomson.

The company blamed a slim 0.6 per cent increase in sales to Y569bn on the slowdown in the economy, which has eroded business confidence and been accompanied by meagre growth in consumer spending.

Marui is best known for its fashionable, youth-oriented department stores, and has been hit, along with other retailers, by sluggish sales of luxury items and higher priced clothing lines.

For the current year, the company, which has expanded aggressively in recent years, is expecting a 12.7 per cent fall in pre-tax profit to Y50bn, though sales are expected to rise 5.4 per cent to Y600bn.

Rediffusion (HK) partners

WHARF Communications, a wholly-owned subsidiary of Wharf Holdings, the main public company founded by the late Hong Kong shipping tycoon Sir Yue-kong Pao, announced it had reached agreement with the privately-owned CNT Group to form a partnership to own Rediffusion (Hong Kong), Reuter reports from Hong Kong.

Wharf Communications will own 76 per cent of Rediffusion and become the managing partner. CNT, which is controlled by the family interests of Mr Tsui Tsin-tong, will continue to own the remaining interest, Wharf said.

Mr Tsui Tsin-tong, Rediffusion chairman, said the new partnership would strengthen Rediffusion's strategic and competitive position.

"Rediffusion represents a strategic step for Wharf in the implementation of our telecommunications strategy," said Wharf.

BTR Nylex poised to bid for Westinghouse shares

BTR Nylex, the Australian manufacturing and packaging concern which is 64 per cent owned by BTR of the UK, is to bid for the minority shares in Westinghouse Brake and Signal (Australia), Reuter reports from Melbourne.

The move follows a £1.5bn takeover by BTR of Hawker Siddeley, the UK aerospace group, which held 85 per cent of Westinghouse.

BTR Nylex said it would offer A$10 cash for each Westinghouse share, with an alternative offer of BTR Nylex shares. But it did not elaborate on the scrip offer.

BTR Nylex said the number of shares on issue was 7.8m. Westinghouse Brake and Signal shares last traded on February 28 at A$8.20.

BTR Nylex said: "The acquisition of Westinghouse enables us to secure a significant expansion of our existing rail businesses in the rapidly growing Australian and Pacific Rim markets."

It said Westinghouse had a strong technology manufacturing base in Australia. "Nylex has the management capability to ensure an enhancement of its earnings from the development of these combined resources."

BTR Nylex said it expected the formal offer document would be lodged no later than March 30 and the formal offer to be made to Westinghouse shareholders by no later than April 13.

Sekisui House under pressure despite rise

By Robert Thomson in Tokyo

SEKISUI HOUSE, Japan's largest builder of houses, reported a 1.6 per cent increase in pre-tax profit to Y89.5bn ($640m) for the year to the end of January, but admitted that the property market slump has put the company under extreme pressure.

Sales rose by only 4.4 per cent to Y1,077.4bn after a 22.7 per cent increase in the year-earlier period, while cash deposits plunged by 43.6 per cent and payments receivable jumped by 55 per cent, reflecting clients' payments difficulties.

Prices for apartments on the fringe of Tokyo have fallen by as much as 30 per cent, and the fall has been even larger in some parts of Osaka. The average decline in land prices nationally is generally reckoned at 30 per cent over the past two years.

The housing industry is suffering from a build-up of inventory, and complains that uncertainty over the next cut in official interest rates is prompting buyers to delay planned investment.

Sekisui said that its stock of saleable land rose from Y227bn a year ago to Y353bn at the end of January, following a 22 per cent fall in real estate sales. Home construction revenue rose by 12.8 per cent, though the company expects difficulty in moving unsold properties during the current period, for which total sales are forecast to rise only marginally to Y1,120bn.

Property companies were bruised last year by a Ministry of Finance order to Japanese banks to limit their property-related lending. That order, intended to reduce banks' exposure to the market and to clamp down on speculators, was lifted at the end of last year, and some pressure on builders will be eased.

Sekisui said the property market was hurt by high interest rates, the weakness in the Tokyo stock market, and reductions in capital investment. One result was a 330,000 fall to 1.37m in new housing starts reported last year by all Japanese builders.

The company said the "overall environment has become particularly difficult", and cited a fall in second-hand prices as a cause for concern for new home builders. For the current year, Sekisui is forecasting a 10.6 per cent fall in pre-tax profits to Y80bn.

- Marubeni, one of the leading Japanese trading companies, is negotiating the acquisition of around 10 per cent of California-based EO, a company affiliated to AT&T, the US telecommunications concern, for an undisclosed sum, Reuter reports from Tokyo.

Meanwhile, Matsushita Electric Industrial, of Japan and the world's largest consumer electronics group, is considering acquiring capital in EO.

INTERNATIONAL COMPANIES AND FINANCE

Former government adviser is named Lloyds chairman

By Robert Peston in London

LLOYDS Bank, the UK's most profitable clearing bank, yesterday announced that Sir Robin Ibbs, former head of a the prime minister's 'think tank', would be its next chairman. Sir David Walker, the outgoing chairman of the Securities and Investments Board, will become a deputy chairman.

Bankers said Sir David would be groomed to succeed Sir Robin, who is likely to be chairman for a comparatively short period, possibly no longer that two years. Lloyds felt it could not appoint Sir David, a former director of the Bank of England, to the top job now because he has no commercial banking experience.

Sir Robin, who from 1980 to 1982 was head of the government's Central Policy Review Staff, will take over from the current chairman, Sir Jeremy Morse, early next year. He is aged 65, two years older than Sir Jeremy.

Sir David will become a deputy chairman, the title currently held by Sir Robin, on July 1. Sir Robin said he expected Sir David would work for Lloyds "full-time". He refused to comment on whether Sir David would succeed him.

"It was necessary for me to do the job for a spell," Sir Robin said. It was not a job he had expected to take when he became a deputy chairman of Lloyds in October 1988.

A senior executive of Lloyds said Sir Robin was "well-liked and well-respected in the bank". Sir Robin said he had been spending three days a week in the bank, concentrating on "strategic issues".

Some bankers said they thought Mr Brian Pitman, Lloyds' chief executive, might be disappointed not to get the chairmanship. However, as Lloyds has a tradition of choosing outsiders for the chairman's post, it is unlikely he considered himself a serious contender.

"Brian is a hands-on chief executive," said a banker. "I am sure he would find it very difficult to play a non-executive chairman's role."

Lloyds said, however, that Mr Pitman, who at 60 has reached the normal retiring age for Lloyds' executives, will stay as chief executive until 1995.

It also said Mr John Davies, who has been playing the role of his deputy, will be given the title of deputy chief executive.

Sir Robin spent most of his career at Imperial Chemical Industries, one of the UK's two biggest manufacturing companies, where he became an executive director in 1976 and spent much of his time involved in planning.

P&O beats profits forecast

By Maggie Urry in London

RESULTS that were better than feared and the untangling of a property joint venture helped the share price of Peninsular and Oriental Steam Navigation Company (P&O) jump 32p to 416p yesterday.

Pre-tax profits for 1991 were 17 per cent lower at £217.4m, but the City had been expecting a figure of about £200m. There was also relief over the ending of the uncertainty surrounding the future of Pall Mall Properties, P&O's joint venture with Chelsfield, Mr Elliott Bernerd's private property company.

P&O is to pay £50.2m for Chelsfield's half-share in Pall Mall, which was set up when the two companies bought Laing Properties in April 1990 for £495m. However, Chelsfield is buying back a half-share in Laing Properties Inc, the US business for £33m. Chelsfield is also buying 40 per cent of Pall Mall's UK properties for £181m.

Chelsfield will finance the purchases through a private placement of shares raising up to £80m. Of that, £65m has already been tied up, including £10m from P&O. It is also borrowing £162m, of which £60m is a 10-year subordinated loan with equity warrants.

Mr Bernerd said that with Chelsfield's existing business this would give the group gross assets of £340m, financed by £180m of debt and £160m of equity. He plans to obtain a quote for the company either through a listing or a reverse takeover as soon as practicable, he said.

The effect on P&O will be to bring £525m of debt on to its balance sheet, taking gearing from the December 31 1991 level of 47 per cent to a pro-forma 70 per cent. Lord Sterling, chairman, said this was "eminently comfortable" considering the cash flows from the group's property business.

Details, Page 22; Lex, Page 16; Observer 14

George Fisher tumbles to SFr42m

GEORGE Fisher, the Swiss foundries and machinery group, suffered a 47 per cent slump in consolidated net profit to SFr42m ($28.1m) last year, and the directors are recommending a 20 per cent cut in the dividends, writes Ian Rodger in Zurich.

Consolidated sales were unchanged at SFr2.5bn, but the worldwide economic downturn put pressure on margins, the company said. The manufacturing technology division, which produces specialised machine tools, had an "altogether unsatisfactory result".

An improved result is expected in 1992 even if economic conditions remain unchanged.

To simplify the capital structure, the directors are also proposing to convert the participation certificates into bearer shares on the basis of one share for every five PCs.

Polish bank increases capital fourfold

By Christopher Bobinski in Warsaw

BANK IG, one of Poland's larger private banks, has reported a fourfold increase on its original 57.1bn zloyts capital and reserve funds following the sale of new shares plus a bonus issue.

Bank IG has also retained Coopers and Lybrand Deloitte, the international accountancy firm, as advisers on the possible sale of 25 per cent of the bank to a foreign bank.

The capital increase brings Bank IG's capital adequacy ratio to 7 per cent, according to Mr Boguslaw Kott, the bank chairman. This is in line with changes in banking laws to be implemented soon which require Polish domestic banks to achieve a 6 per cent ratio by the end of this year.

Of the capital and reserves increase, 42.5bn zloyts comes from a scrip issue after shareholders agreed last December to take new shares in place of an interim dividend for the first nine months.

A further 131.4bn zloyts came from shares placed mainly with existing investors such as Warta and PZU, the state-owned insurance companies.

PZM, a large Polish shipping company based in Szczecin which has taken a 9.6 per cent share in Bank IG, is also a new shareholder.

Bank IG reported a 23.3bn zloyts ($1.7m) net profit in 1990 while the first nine months of last year saw net profits reach 61.2bn zloyts.

The bank has also applied to Poland's Securities Commission for permission to be listed on Warsaw's fledgling stock exchange. If successful, Bank IG would be the first bank to appear alongside the 11 companies whose shares are traded twice a week on the exchange.

● Aachener und Münchener (AMB), the German financial holding company, said it has agreed with French bank Crédit Lyonnais to begin talks on Crédit Lyonnais taking a stake in AMB's banking unit, BfG Bank, Reuter reports.

Ciba-Geigy tests its formula

Paul Abrahams on the company's attempt to shed its secretive image

WHEN Dr Alex Krauer, Ciba-Geigy's chairman, stands up to present the group's year-end results tomorrow, it will signal two significant steps in his attempt to transform this conservative Swiss chemicals company.

By announcing the figures in London – the first time one of the three Basle-based chemicals groups has unveiled results outside its home town – he will reinforce his efforts to end the company's Swiss secrecy. And he expects to demonstrate the first benefits of a fundamental reorganisation he launched two years ago.

Dr Krauer hopes the location of today's presentation will demonstrate his commitment to foreign shareholders after a decision two years ago to make the company's shares available to non-Swiss nationals. This was done, said Dr Krauer, because the Swiss market was no longer large enough to sustain the group's share price. More than 25 per cent of Ciba-Geigy's shares are held outside Switzerland.

The requirements of foreign investors forced Ciba-Geigy to divulge information previously considered secret. This coincided with restructuring of the group by Dr Krauer.

When he took over in 1987 he compared the group to a super-tanker, providing synergies of scale, but difficult to manoeuvre. The group, which dates back to 1758, had become complacent, said Dr Krauer.

"We were spoilt for far too long," he said. "Everything was too obvious and easy, and this had to be changed."


Alex Krauer: we must allow people to make mistakes

Dr Krauer launched his reorganisation, known as Vision 2000, in July 1990. It aimed to cut bureaucracy, make the organisation more commercially flexible – by giving the operations greater independence and encouraging entrepreneurial behaviour from employees – and open the business to the public.

Relations with the public had suffered after a fire at a neighbouring Sandoz plant led to 30 tonnes of dangerous agricultural chemicals, including 200kg of mercury, being washed into the Rhine.

Dr Krauer said Ciba-Geigy also needed to be more flexible in its response to the increasingly competitive commercial environment. Bulk chemicals producers, for example, were moving into the Swiss company's traditional high-margin niche businesses and Dr Krauer said that every significant chemical group, apart from Dow of the US, was entering its markets.

The need for change was also internally driven, said Dr Krauer. "All big companies have a tendency towards bureaucracy and fat. Ciba-Geigy was no exception," he said.

The organisation consisted of about 140 subsidiary companies, split into business divisions, geographical operations and other functions with expertise, for example, in finance and legal affairs.

"The functions had too much weight. Their motivation was to do a professionally good job – a laudable ambition, but one that led to perfectionism. The object of business is results, and if you are over-perfect you don't achieve the best results," said Dr Krauer.

He launched a programme to cut 10 per cent of the 24,000 staff in Switzerland, where personnel costs had been rising.

He has also tried to make the organisation more flexible by persuading senior managers to delegate under a system he described as "directed autonomy".

Dr Krauer admitted implementation of Vision 2000 had not been completely successful. "You never reach your objective 100 per cent. Although performance is dependent upon other elements, there is no doubt that we will see the benefits of the changes on the bottom line when we announce our results."

Many managers resented losing power. However, Dr Krauer said, they previously only had a form of "pseudo-power" based on a hierarchical set-up. He said their task was now more demanding because they were being asked to influence people through personality and professional competence.

Dr Krauer said: "Quite a lot of the people further down the organisation had been asking loudly for greater responsibility, but when we gave it to them they didn't use it. A number weren't willing to take risks and kept ringing Basle to cover themselves. In 80 per cent of the cases, it was a question of training and leadership. We must allow people to make mistakes – though not too many."

Dr Krauer has set up a reward system for about 1,000 managers world-wide based on performance. Basle-based managers can increase their salaries by 20 per cent if they reach their targets, or lose 10 per cent if they fail. In 1990, when profits fell 30 per cent, most managers' salaries fell. "This was certainly the case of the executive committee of which I am a member," said Dr Krauer.

"I can't say we're perfect. But the momentum is building up and we are moving in the right direction," he added. How far in the right direction and whether his own pay-packet increases, he will demonstrate on Thursday.

Electrolux sees no let-up in market conditions

By Andrew Baxter

ELECTROLUX, the Swedish household appliances multinational which has suffered a sharp fall in profits over the past two years, said yesterday that market conditions would continue to be harsh in 1992.

"Top priority has been assigned to improving profitability through internal programmes," said Electrolux, one of the world's top two manufacturers of white goods with Whirlpool of the US.

The company's forecast was included in its final results statement for 1991, which differs marginally from figures released on February 4.

Profits after financial items tumbled by 26.8 per cent to SKr1.03bn ($170m) from SKr1.40bn in 1990. Earnings per share after full tax fell to SKr5.20 from SKr10.10, while the return on equity after full tax declined to 2.3 per cent from 4.3 per cent.

Italian foods group raises sales 15% to L2,754bn

By Haig Simonian in Milan

BARILLA, the privately-owned Italian foods group which has been expanding rapidly in recent years, raised group sales by 15 per cent to L2,754bn ($2.19bn) in 1991 and expects turnover to reach L3,400bn this year.

Net profits in 1991 surged by almost 60 per cent to L155bn, representing a significant recovery after two years of heavy investments on acquisitions and investments in existing facilities, which had depressed earnings.

Barilla is Italy's biggest pasta-maker, and also has a substantial presence in the market for biscuits and cakes.

Much of this year's forecast sales growth will stem from the expected purchase of full control of Pavesi, a state-owned foods group, in which Barilla bought a 49 per cent holding last year.

Italian state banks suffer declines

By Haig Simonian in Milan

BANCA Commerciale Italiana and Credito Italiano, the two big public-sector banks owned by Italy's IRI state holding company, both reported sharp falls in profits last year due to heavy investments, higher taxation and the non-recurrence of extraordinary items.

Net earnings at BCI slumped to L317.5bn ($215.6m) from L475.4bn in 1990, while Credito Italiano reported a marked decline in group net profits after minority interests to L297bn from L337.6bn in 1990.

The drop in earnings at BCI stemmed partly from the lack of significant extraordinary items, which boosted profits by L120bn in 1990. It also reflected sharply increased spending on acquisitions and investments in the branch network.

BCI opened 75 new branches last year and ploughed in around L300bn to buy into or raise its existing stakes in a number of domestic and foreign financial institutions. The most significant was the purchase of a majority holding in the Sicily-based Banca Sicula.

The company estimated that its growth strategy trimmed earnings by L150bn last year.

Gross operating profits climbed by 7.7 per cent to L1,138.9bn, and total assets rose by 11.8 per cent to L117,000bn.

The dividend remains unchanged at L200 for ordinary shares and L230 for savings stock.

The fall in net profits at Credito Italiano stemmed from a L155bn leap in taxes to L266.4bn last year and a L15bn decline in extraordinary items to L74bn.

The tax increase was even more marked at parent company level, with a L182.2bn increase to L250.8bn. The bank failed to provide any explanation for the surge.

Group operating profits rose by 18.3 per cent to L640.4bn, and the bank is maintaining its dividend of L85 for ordinary shares and L100 for savings stock.

Group net interest income rose by almost 16 per cent to L1,760.3bn, while other operating income increased by 15 per cent to L1,234.4bn. Total assets increased by 3.6 per cent to L94,347bn.

● Group net profits at Banco Ambrosiano Veneto (Ambroveneto), Italy's biggest private-sector bank, jumped by 20 per cent to L233bn last year, boosted by strong growth in loans and deposits.

Group lending increased by 25 per cent to L18,518bn, while customer deposits jumped by 22 per cent to L20,374bn.

The figures for Ambroveneto, which has joined other Italian banks in rapidly expanding its branch network, were also boosted by the consolidation of Ambroveneto Sud, the former Citibank Italia, acquired last year.

AT&T and American Express in card link

By Martin Dickson in New York

AMERICAN Express and American Telephone and Telegraph (AT&T), two corporate giants under pressure from nimble rivals, have joined forces in an attempt to woo the US small business community.

They have announced that AT&T's corporate calling card and the American Express corporate charge card would be jointly marketed to small businesses as a single entity.

The system will allow small businesses that are American Express corporate card members to charge AT&T telecommunications expenses along with other out-of-office expenses and get a single monthly statement.

American Express is under pressure from the Visa and Mastercard credit card operations. American Express still dominates this sector, but over the past year some key US corporate customers have switched to its rivals.

AT&T, which has also had great success with a Visa card aimed at the consumer market, faces intense competition in the long-distance business communications market from rivals such as MCI and Sprint.

BSN net profits advance to FFr3.91bn after disposals

By Alice Rawsthorn in Paris

BSN, a leading company in the French food industry which has played a pivotal part in the bitter battle for Perrier mineral water, yesterday announced a 26 per cent increase in net profits to FFr3.91bn ($690.8m) in 1991 from FFr3.09bn in 1990.

BSN, which already owns well-known European food brands such as Evian mineral water and Danone yoghurt, has added the Volvic mineral water brand to its drinks interests as a result of its role in the Perrier affair.

The group, chaired by Mr Antoine Riboud, dramatically switched sides during the bid by backing Nestlé, the Swiss food group which is its arch-rival in the European food market, against its traditional allies, the Agnelli family of Italy.

Its decision to fight the Agnellis by staging a FFr6bn counter-bid for the Exor property company was a critical component of Nestlé's battle plan. Mr Riboud maintained throughout that the bid would not affect BSN's cross-interests with the Agnellis in Italy, such as the Galbani food business.

The acquisition of Volvic forms part of the long-term restructuring of BSN's activities. Last year, it sold its interests in champagne and also part of its biscuit business. The impact of these disposals boosted net profits which would otherwise have risen by a more modest 11.4 per cent, according to the group.

Earnings per share increased to FFr66.1, against FFr53.4, or to FFr59 without the exceptional profits from the disposals. The board proposed raising the dividend for 1991 to FFr14.5 from FFr13. Group turnover rose by 25 per cent to FFr66bn, compared with FFr52.9bn.

Abitibi-Price sees reasons for optimism

ABITIBI-PRICE, the newsprint and paper producer controlled by Toronto's Reichmann family, admitted that its key markets remained depressed, but added that "the free fall in prices may be near the bottom," AP-DJ reports.

The company had already reported a 1991 loss of C$75.9m (US$63.7m), or C$1.12 a share, on revenues of C$2.8bn. The 1991 results included pre-tax, non-recurring charges and write-downs of C$44.4m.

Capital spending was expected to rise to about C$50m in 1992 from C$38.5m last year, while long-term debt stood at C$370.8m at the year-end.

Abitibi, in its annual report, said: "The outlook for the newsprint industry in North America is not expected to improve appreciably in 1992 unless there is a marked increase in US consumption or further mill or machine closures." It added that some improvement in markets were expected in 1993.

"We are now facing the same price wars and ferocious competition offshore that we have seen in domestic markets." The company said that it expected further price weakness in overseas markets this year.

Venezuelan utility ahead 11%

By Joseph Mann in Caracas

LA ELECTRICIDAD de Caracas, Venezuela's largest publicly-held utility, reported net earnings of US$97.4m for 1991, up 11 per cent from the 1990 figure.

La Electricidad, founded in 1895, recorded total revenues last year of $391.3m, compared with $306.1m in 1990. The dollar figures were calculated using exchange rates in effect at the end of each year.

One of the most widely-held and actively-traded shares on the Caracas Stock Exchange, the company supplies electricity to the Caracas metropolitan area.

Last year, it participated in the international consortium which paid $1.89bn for a 40 per cent equity holding in Venezuela's national telephone company, CANTV, now privatised. La Electricidad's shares ranked among the biggest gainers on the Venezuelan market last year.

The company, widely respected for its professional management, may face new problems since the government recently ordered a halt to planned price increases in response to widespread discontent with increasing rates for utilities and public services.

The government, in the middle of a political and military crisis, has suggested that the rate freeze – which also affects state-owned power companies – will be only temporary.

The current administration is scheduled to complete its five-year term in February 1994.

IBM launches laptop in colour

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines (IBM) has introduced a laptop computer with colour screen. It has also launched two lower-priced notebook computers.

IBM's colour laptop incorporates a 10.4-inch flat active matrix colour display, jointly developed by IBM and Toshiba in Japan.

It will be manufactured in Japan to avoid dumping duties imposed by the US government last year on Japanese-built active matrix displays.

The notebook-sized computers, called PS Notes, have monochrome screens and weigh just over six pounds.

With these product announcements, IBM aims to shrug off a series of mistakes in the rapidly-growing market for portable personal computers, where it has trailed competitors.

The PS/2 Color Laptop is based on a 386SX microprocessor and incorporates an 80MB hard drive. It is priced in the US at $5,995. Bigger and heavier than the notebook computers, the colour laptop weighs in at 11 pounds, due primarily to the screen technology.

The PS/2 Model N51 SLC is built around IBM's own version of the 386 microprocessor, which the company claims is up to 80 per cent faster than standard versions. It also comes with a 80MB hard drive. The US price is $3,295.

The PS/2 Model N51 SX is aimed at price-sensitive customers and is based on a standard 386SX microprocessor with a 40MB hard drive.

It is priced at $2,250 in the US, placing it in direct competition with a myriad of IBM-compatible notebook computers.

Van Heusen shows gain

PHILLIPS-Van Heusen saw net income for the fourth quarter rise to $8.5m, or 32 cents a share, from $5.2m, or 17 cents, in the year-earlier period, Bloomberg reports.

The US clothing manufacturer said sales in the three months ended February 2 had risen to $232.1m from $218.4m in the year-earlier period.

For the year to February, net income advanced to $31.1m, or $1.15, up from $26.4m, or 85 cents, a year earlier. Sales rose to $904.1m from $806.3m.

BankAmerica merger with SecPac approved by Fed

By Martin Dickson

BANKAMERICA and Security Pacific have been given a green light by the US Federal Reserve Bank to complete their $4bn merger – the biggest takeover in US banking history – which was first announced last summer.

The two banks, both based on the west coast, said they expected to be able to complete the deal after a mandatory 30-day waiting period. The process of combining the banks is expected to take about a year.

The deal will create the second biggest banking group in the US, with assets of nearly $192bn, placing it not far behind New York-based Citicorp, with assets of $215bn.

The two banks have agreed to sell more than 200 branches to meet anti-trust concerns.

● NationsBank's loan loss provision goal for 1992 stands at $750m to $900m, sharply down from 1991 levels, said Mr Fred Figge, chairman of credit policy said, Reuter reports. The provision was $1.6bn in 1991.

Northern Telecom in Spanish deal

NORTHERN Telecom, Canada's biggest telecommunications equipment producer, has formed a joint venture, Northern Telecom de España, to sell telephones, switching equipment, business communications systems and data networks in Spain, writes Robert Gibbens in Montreal.

NT owns 50 per cent of the new company; Agroman Inversiones owns 37.5 per cent; and Radiotronica 12.5 per cent.

Sun Micro reduces workstation prices

By Louise Kehoe

SUN Microsystems Computer, the leading US computer workstation manufacturer, yesterday cut the prices of its high-end workstations for three-dimensional imaging by nearly 30 per cent.

The move is expected to pressure competitors, including Hewlett-Packard, Digital Equipment, International Business Machines, and Silicon Graphics – which specialises in 3-D workstations – into making similar price adjustments. Sun claimed that fully-configured models of its SPARCstation 2GS and SPARCstation 2GT were now among the cheapest 3-D solids workstations in their class.

"We believe that lower prices will help us in an important quest: broadening the market for 3-D graphics," said Mr Larry Hambly, vice-president of marketing.

Sun also cut prices on 19-inch monitors for all its workstations. Prices of add-on memory were also cut.

The company also announced price reductions on its server products. These are computers used to provide additional computer power to networks of workstations.

● Intel, the US semiconductor group, has named Mr Ed Masi to the new post of president of its supercomputer systems division. He is also being recommended for election as an Intel corporate vice-president at the next board meeting.

Mr Masi had been executive vice-president of sales, service and marketing for Cray Research.

INTERNATIONAL CAPITAL MARKETS

Investors and traders relieved by European recovery

By Richard Waters in London and Patrick Harverson in New York

YESTERDAY brought some respite to the battered European government bond markets.

After the bad news of recent days – which have seen closing yields on 10-year German bonds climbing above 8 per cent for the first time since January 3 and yields on comparable French bonds hitting a high for the year at more than 8.75 per cent – the relief among traders and investors alike was clear.

GOVERNMENT BONDS

The recovery seemed to be driven as much by technical factors as by any sense that the mark-down in prices had been overdone, observers said.

In the German and French futures markets, the fact that many traders had gone short was said to have accounted partly for some sharp upward swings during the day.

UK gilts meanwhile, continued to follow the mood of the political opinion polls in the run-up to the general election. Underlying economic factors seemed to have little immediate influence on the day's trading.

■ IN GERMANY, M3 money growth during February was confirmed at 8.5 per cent, close to the level indicated at the start of the week and down from the 9 per cent growth in January.

The fall in M3 brought little consolation to the government bond market, where a greater reduction had been looked for in some quarters – particularly when the figure is set against the Bundesbank's target range of 3.5 to 5.5 per cent for the year.

The market is far more interested in the latest German inflation figure, due later this week: one analyst said yesterday this was likely to show inflation peaking at 4.7 per cent.

Early weakness in the bond market was reversed sharply in the afternoon, due both partly to technical factors and partly to a confident start in the US.

The yield on 10-year government bonds ended the day at 8.024 per cent, down from Monday but still well up on the beginning of the month, when it stood at around 7.85 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.4000	+0.087	10.10	10.16	10.07
BELGIUM		9.000	06/01	100.5500	-0.350	8.90	8.74	8.76
CANADA *		8.500	04/02	99.03	+0.85	8.86	8.98	8.41
DENMARK		9.000	11/00	100.5000	-0.400	8.89	8.70	8.80
FRANCE	BTAN	8.500	03/97	97.9543	-0.191	9.02	8.86	8.73
	OAT	8.500	11/02	98.5500	-0.070	8.70	8.54	8.47
GERMANY		8.000	01/02	99.8300	-0.110	8.02	7.91	7.94
ITALY		12.000	02/02	98.1000	-0.270	12.33†	12.17	12.27
JAPAN	No 119	4.800	06/99	95.8526	-0.019	5.61	5.66	5.69
	No 129	6.400	03/00	105.8761	+0.056	5.35	5.40	5.35
NETHERLANDS		8.250	02/02	98.9500	-0.170	8.40	8.28	8.33
SPAIN		11.300	01/02	101.7700	-0.380	10.97	10.86	10.76
UK GILTS		10.000	11/96	99-31	+00/32	10.00	9.90	9.45
		9.750	08/02	99-27	+11/32	9.77	9.70	9.34
		9.000	10/08	95-15	+11/32	9.55	9.47	9.16
US TREASURY *		7.500	11/01	99-28	+20/32	7.52	7.64	7.42
		8.000	11/21	100-18	+33/32	7.95	8.03	7.94

London closing, *New York closing. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

■ FRENCH government bonds recovered strongly from Monday, in the process narrowing the yield spread against German bonds.

At 73 basis points, this had opened up to its widest since last summer and well outside the recent trading range: yesterday, it closed back to 70 basis points.

Figures released yesterday revealed the French trade surplus had narrowed to FFr407m in February, from a revised FFr3.53bn in January.

In a busy day on the futures market, with 167,000 lots traded, the June contract closed up one-third of a point on the day, at 107.40.

A sharp bear squeeze, with some traders caught with short positions, accounted for much of the rise, traders said.

The yield on 10-year bonds closed at 8.72 per cent, down from 8.77 per cent on Monday.

■ AFTER a quiet opening, news of weak car sales and strong demand for the afternoon auction of two-year notes sent US Treasury prices soaring yesterday and pushed the yield on the long bond back below 8 per cent.

In late trading, the benchmark 30-year government issue was up 1 1/32 at 100 18/32, yielding 7.941 per cent. The two-year note was also markedly firmer, up 5/16 at 99 29/32, to carry a yield of 5.720 per cent.

At first, trading lacked a firm direction in the absence of economic figures, and activity was subdued amid concern about the impact of fresh supply on the market.

News of weak mid-March car sales, however, boosted sentiment just before noon, but it was not until after the sale of $14.75bn in two-year notes that prices took off. There was good demand for the new issue, especially from dealers. The sale was completed at an average yield of 5.85 per cent and with a high bid/cover ratio, both of which were better than market expectations.

■ THE UK government bond market continued to anticipate the outcome of the general election on April 9. A Harris opinion poll indicating a five-point lead for the Conservative party brought some cheer back to the market, which duly market longer-dated gilts up several points on the day. "All we're doing is trading opinion polls," one observer said.

The benchmark 9 per cent gilts due 2011 rose 5/8 of a point on the day, at 95⅝, giving a yield of 9.52 per cent. A rise of similar proportions was recorded by the 11¾ per cent gilts due 2003/07, which ended the day at around 112 11/32, a yield of some 9.8 per cent.

At these levels, the market is already largely discounting a victory by the opposition Labour party, or a result which leaves no clear majority party, traders said. But, most agree yields could yet breach 10 per cent if a Labour victory looks likely.

■ JAPANESE government bond prices hardly shifted yesterday, as the end of the Japanese fiscal year continued to suppress activity in Japan.

Despite the expectation of a discount rate cut, the market appears to lack direction. The no 129 benchmark issue ended unchanged at 105.88.

With no sign of investor demand, traders, many of whom are holding long positions, are apt to stay out of the market. However, the outlook could improve, if cash balances are allocated to bonds once the new financial year is properly under way.

SFC seeks listing of Chinese 'B' shares on HK stock market

By Simon Davies in Hong Kong

Robert Nottle: will pursue market development

MR ROBERT NOTTLE, the future chairman of Hong Kong's Securities and Futures Commission (SFC), said the regulatory watchdog wanted to see Chinese "B" shares listed on the Hong Kong stock market, but only when several big issues had been resolved. These include levels of disclosure and investor protection in China.

Mr Nottle was speaking after the Hong Kong government officially announced the departure from the SFC of the current chairman, Mr Robert Owen, following the completion of his three years of office. Mr Nottle will take over on May 1.

Mr Nottle said the main areas he intended to pursue were market development, including the gradual integration of the Hong Kong and Mainland Chinese capital markets, and investor protection.

He said discussions were already taking place with Hong Kong's Monetary Affairs Branch over the possibility of broadening the commission's powers of investigation to help stamp out abuse of minority shareholders.

Mr Owen has in the past called for the government to set up its own investigative team to utilise existing statutory powers, or to expand the remit of the commission to cover investigations into fraud and abuse of minorities.

It is clear, that this is a theme that Mr Nottle intends to continue.

Eskom returns to market with five-year DM300m deal

By Simon London

ESKOM, the South African electricity utility, yesterday launched its first public issue in the international bond market since 1985, raising DM300m, five-year funding in a deal lead-managed by Commerzbank.

INTERNATIONAL BONDS

The bonds were sold mostly to retail investors in continental Europe, following the pattern of other recent issues by South African borrowers.

The deal is the fourth since South Africa returned to the public bond market last September and follows D-Mark and Ecu issues by the government and a DM200m issue in February by the Development Bank of Southern Africa.

The return of South African borrowers to the Euromarket has not been without controversy: in November, the Independent Development Trust, a cross-party health, education and housing charity, postponed a $200m deal following opposition from the African National Congress.

Bankers said yesterday the referendum of white South Africans this month, which resulted in a vote in favour of political reform, would encourage wider international participation in future bond issues.

The syndicate of 23 banks participating in yesterday's deal was dominated by German firms.

Among the non-German participants were Standard Chartered, Paribas, Crédit Lyonnais, Crédit Commercial de France, Union Bank of Switzerland, Swiss Bank Corporation and Kredietbank.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
Daicel Chemical Inds.(a)†	10bn	6.100	101.875	1997	1.875/0.15	Nomura Intl.
D-MARKS						
Eskom(a)†	300	10.000	101.000	1997	2/0.75	Commerzbank
Marutomi Group(a)♦	90	5.125	100.000	1996	2.25/0.75	Nomura Bk.(Deutsch.)
GUILDERS						
Buehrmann Tett. Antil.(a)†	150	8.750	100.250	1997	1/0.375	ABN Amro
SWISS FRANCS						
Rabobank Nederland(a)†	100	7.000	101.875	1998	-	Merrill Lynch Cap.Mkts.
FR Corp.(b)§	45	4.125	100.000	1996	-	Banca d'Suizzera Ital.
Semba Corp.(a)★★†	20	7.500	99.500	1997	-	Dai-Ichi Kangyo Bk.(Sch)

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms a) Non-callable. b) Put option 31/3/94 at 108 to yield 8.665%.

When the government launched its DM400m, five-year issue in September, only three non-German banks participated: Paribas, Swiss Bank Corporation and Kleinwort Benson.

The Eskom paper carries a full government guarantee, a policy which is likely to continue in future issues by South African borrowers. The 10 per cent bonds were issued at 101, to yield 150 basis points more than German government bonds. The governments D-Mark issue was launched at a spread of 175 basis points more than bunds.

Part of the proceeds of yesterday's issue will be used to refinance an outstanding DM150m deal which falls due on April 1, said Mr Mick Davis, chief financial officer.

The remainder has been swapped into rand, although at a rate no better than Eskom can achieve from the domestic South African bond market, Mr Davis added.

Eskom has another DM100m issue falling due on September 15. Mr Davis said this would be refinanced with another international issue, although the company may issue in the Ecu or Eurodollar markets next time.

Other South African borrowers in an unofficial queue to launch international bonds include Transnet, the transport group, and the Office of Post and Telecommunications, both of which have outstanding foreign currency bonds maturing later this year.

Elsewhere, the poor tone of government bond markets continued to deter potential Euromarket borrowers.

Syndicate officials said intermediaries and investors were focusing on the outcome of this week's US Treasury refunding operations before committing funds to the market.

Liffe options trading hit by teething difficulties

By Tracy Corrigan

EQUITY options trading on the London International Financial Futures and Options Exchange (Liffe) is undergoing some teething problems after last weekend's merger of London's futures and options markets.

The merger involved a change of clearing and trading systems for equity option traders from the London Traded Options Market (LTOM). The shift to the new systems was described by one trader as "smooth, considering the number of adjustments which had to be made".

The largest hiccup was that the notification to traders of the exercise of FT-SE index options was not delivered in sufficient time on Monday evening to ensure traders were aware of any changes to their positions. As a result, the opening of trading in the index option contract was delayed for 15 minutes. The information should have been delivered by Liffe's Trade Registration System (TRS), which option traders moved to as a result of the merger. On LTOM, the system of notification was completed manually.

Liffe said the problem was not expected to recur.

The initial difficulties of adapting to new trading systems are expected to be overcome shortly. But the future of the equity options market hangs in the balance. Liffe is working on a business plan for the equity options market. The success of the implementation of the plan may be the determining factor.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on March 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	104⅛	105	-⅛	7.13
ALBERTA PROVINCE 9 3/8 95	600	106¼	107	+⅛	7.15
AUSTRIA 8 1/2 00	400	103½	103⅞	+⅛	7.88
[illegible]					
EEC 5 1/2 00	100	90½	91	[illegible]	[illegible]
EIB 6 1/2 98	800	99⅛	99½	-⅛	6.61
ELEC DE FRANCE 7 1/4 06	100	102	104½	-1	7.01
FINLAND 5 3/8 95	150	95⅞	96	-⅛	6.73
GENERAL MOTORS 7 1/2 95	180	98	99	+⅛	8.27
JAPAN DEV BK 5 1/2 94	100	95⅞	96½	-⅛	8.01
KOBE 6 3/8 01	240	98	98½	-⅛	6.66
NEW ZEALAND 4 7/8 99	200	88	88½		7.14
QUEBEC HYDRO 5 08	100	78	78⅛		7.39
WORLD BANK 5 03	150	85	85½	-⅛	6.95
WORLD BANK 7 01	600	102	102⅛	-⅛	6.69

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	99¼	99½		5.18
CREDIT FONCIER 5 1/4 94	20000	99¼	99⅝	-⅛	5.54
DENMARK 7 95	40000	104⅛	104⅜		5.30
EIB 4 5/8 94	40000	99⅜	99⅝	-⅛	4.94
ELEC DE FRANCE 5 5/8 96	20000	100½	100⅞	-⅛	5.58
FINLAND 6 3/4 96	50000	103⅛	103⅜	-⅛	5.82
INTER AMER DEV 7 1/4 00	30000	109¼	109½	-⅛	5.79
KANSAI ELEC PWR 4 5/8 94	60000	98⅞	99⅛		5.46
NIPPON TEL & TEL 5 7/8 96	50000	101½	101⅞	-⅛	5.48
NORWAY 5 1/8 95	50000	99⅛	99⅜	-⅛	5.36
SNCF 6 3/4 00	30000	106⅛	107	-⅛	5.67
SWEDEN 5 5/8 95	20000	100⅜	100⅞	-⅛	5.49
WORLD BANK 6 3/4 00	50000	107⅛	107½	-⅛	5.60

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.98
COPENHAGEN TEL 8 5/8 96 LFr	600	98¼	99¼		9.17
WORLD BANK 8 96 LFr	1000	96¼	97¼		8.98
[illegible]					

FLOATING RATE NOTES	Spread	Bid	Offer	C.cpn
[illegible]				
YORKSHIRE BS 1/10 94 £	165	99.37	99.87	10.3575

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	129⅞	131⅞	
CHUBB CAPITAL 6 98	250	86	101⅞	102⅞	+33.87
EASTMAN KODAK 6 3/8 01	300	50.67	100⅛	101⅛	+25.27
GOLD KALGOORLIE 7 1/2 00	65	1.0554	83⅛	84⅛	+49.14
HANSON 9 1/2 06 £	500	2.5875	101	101⅞	+19.06
HAWLEY 6 02 PREF	400	19.1	97	99½	
HILLSDOWN 4 1/2 02 £	150	3.97	117½	118½	
LAND SECS 6 3/4 02 £	84	6.72	77⅞	78⅞	+32.40
LASMO 7 3/4 05 £	90	5.64	75⅞	76⅞	
MITSUI BANK 2 5/8 03	200	2337½	61	63	+24.45
MOUNT ISA FIN 6 1/2 97	100	2.283	95⅞	96⅞	+13.50
OGDEN 6 02	85	39.077	81⅞	82⅞	+42.77
SEGA ENTERPRISES 3 1/2 96	200	13018	102⅛	103⅛	+5.65
SMITH & NEPHEW 4 02 £	90	1.775	121⅞	122⅞	+46.56
SUMITOMO BANK 3 1/8 04	300	3606.9	61⅞	62⅞	+30.96
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	89½	90⅞	
THORN EMI 5 3/4 04 £	103	7.16	121⅞	122⅞	+16.72

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	46	2	32
Other Fixed Interest	8	3	6
Commercial, Industrial	242	286	943
Financial & Property	76	145	567
Oil & Gas	14	17	56
Plantations	0	0	9
Mines	11	39	97
Others	19	66	53
Totals	416	558	1,763

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or-
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or-
12	Nil	28/4	½pm	½pm	Addison Consultancy	½pm	
410	Nil	22/4	115pm	52pm	Bespak 10p	108pm	
212	Nil	27/3	37pm	21pm	British Vita	28pm	+1
27	Nil	27/3	¼pm	¼pm	Caldwell Invs. 10p	¼pm	
8	Nil	26/3	4pm	¼pm	Maddox 5p	1pm	+¼
95	Nil	16/4	11pm	2½pm	Raine Industries 10p	3½pm	+½
215	Nil	1/5	40pm	6pm	Trinity Intl 10p	6pm	-3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". T Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings March 16
- Last Dealings March 27
- Last Declarations June 25
- For settlement July 6

3-month call rate indications are shown on this page.

Calls in: Amber Day, BET, Brit. Steel, Goal Petroleum and Spring Ram. Puts in: Crown Eyeglass, Hartstone, Merival Moore.

LONDON TRADED OPTIONS

Option		CALLS Apr	Jul	Oct	PUTS Apr	Jul	Oct
Alld Lyons	600	26	40	59	14	29	37
(*607)	650	6½	19	37	47	62	67
[illegible]							

Option		CALLS May	Aug	Nov	PUTS May	Aug	Nov
BAT Inds	650	48	65	76	12	25	33
(*677)	700	20	37	50	36	48	58
[illegible]							
Dixons	200	27	31	37	5	9	12
(*218)	220	15	19	26	13	19	21
Eurotunnel	420	45	60	80	35	40	48
(*421)	460	28	40	58	65	66	67
Glaxo	800	67	90	113	42	56	66
(*810)	850	41	66	89	67	80	93
Hillsdown	160	17	20	24	7	8½	12
(*171)	180	7	10	15	19	21	22
Lonrho	100	20	25	30	11	16	19
(*107)	110	15	23	26	17	23	26

Option		CALLS			PUTS		
[illegible]							
Utd Biscuits	390	15	30	42	8	14	17
(*396)	420	4	16	26	29	31	33
Unilever	900	35	58	85	16	28	36
(*925)	950	8	34	58	48	56	63
Ultramar	220	17	-	-	101	-	-
(*227)	240	7	-	-	21	-	-

Option		CALLS May	Aug	Nov	PUTS May	Aug	Nov
Brit Aero	280	26	39	46	10	16	23
(*291)	300	15	28	34	21	25	32
BAA	500	64	74	87	4	11	16
(*554)	550	28	40	46	19	29	34

Option		CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
Midland Bk	330	30	36	40	12	15	17
(*343)	360	15	20	25	29	31	32
[illegible]							

FT-SE INDEX

[illegible]								
Jun	227	190	155	125	96	75	57	43
Dec †	310	-	240	-	185	-	135	-
PUTS								
Mar	2	3½	6½	22	54	101	151	201
Apr	24	33	47	67	95	125	165	205
May	33	45	60	80	104	133	170	210
Jun	38	50	67	88	113	145	180	220
Dec †	67	-	100	-	145	-	203	-

March 24 Total Contracts N/A
Calls N/A Puts N/A
FT-SE Index Calls N/A Puts N/A
Euro FT-SE Calls N/A Puts N/A
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price † Long dated expiry mths.
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

	p		p		p		p		p
■ INDUSTRIALS		Charter Cons.	37	Ladbroke	17	Sears	8	■ OILS	
Allied-Lyons	48	Comm Union	32	Legal & Gen	27	SmKl Bchm A	65	Aviva Pet	30
Amstrad	5½	Courtaulds	39	Lex Service	16	TI	48	BP	21
Astec (BSR)	3	Eurotunnel	34	Lloyds Bank	29	TSB	9½	Burmah Castrol	38
BAT Inds	60	FKI	5½	Lonhro	15	Tesco	19	Conroy Pet	8
BOC	49	FNFC	8	Lucas Inds	10½	Thorn EMI	58	Gaelic Res	½
BTR	32	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	26	Midland Bank	19	Unilever	70	Shell	33
Blue Circle	20	Gen Accident	31	NatWest Bank	23	Vickers	12	Tuskar Res	½
Boots	33	GEC	15	P & O Dfd	30	Wellcome	72	■ MINES	
Bowater	58	Glaxo	59	Racal Elect	5	■ PROPERTY		RTZ	42
Brit Aerospace	30	Grand Met	70	RHM	18	Brit Land	18		
British Steel	6	GRE	10	Rank Org	52	Land Sec	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	80	Reed Intl	39	Mountleigh	1½		

Laporte declines 5% to £97.2m

By Richard Gourlay

LAPORTE, the specialist chemicals company, yesterday announced details of a $60m acquisition and the unwinding of its 21-year-old joint venture with Solvay of Belgium as it reported profits down only 5 per cent after a recession hit year.

Pre-tax profits in the year to December 29 fell from £103m to £97.2m on sales down 5 per cent at £615.5m. Earnings per share fell from 44.4p to 40p and the company is to pay an increased final dividend of 12.1p, giving a total for the year of 33.9p, up 9.4 per cent.

Construction chemicals, organic specialities and the hygiene and process chemicals division produced significant increases in operating profits. Metals and electronic chemicals fell slightly while the absorbents division saw profits more than halve after the loss of one big customer and commissioning problems with a new plant in Widnes.

As part of the reorganisation of Interox, Laporte's joint venture with Solvay, the Belgian company yesterday placed an 8.7 per cent stake in Laporte with a variety of institutions. Laporte cancelled the shares relating to the 16.3 per cent balance of Solvay's 25 per cent stake in Laporte.

Solvay took the stake when the joint venture was formed in 1971 to see off a hostile bid from Burmah Oil.

The reorganisation of Interox leaves Laporte with all the joint venture's organic peroxides and persulphates business while ownership of the capital intensive hydrogen peroxide and persalts business will pass to Solvay, the group said.

Mr Ken Minton, chief executive, said that while Laporte's share of Interox's pre-tax profits had fallen from £34.4m to £30.8m in 1991, the part of the joint venture it was retaining had actually seen pre-tax profits rise. The reorganisation should be earnings neutral this year but would enhance earnings in 1993.

The group said that the removal of Laporte's 25 per cent stake should introduce a bid premium into Laporte's share price as previously it had been seen to have been virtually immune from a hostile approach.

Laporte also said it has bought Rockwood, a privately-owned company making iron oxide-based colouring systems for the US concrete construction and coating industries.

The buy is being financed by an issue for cash of 7.5m new Laporte shares at 533p, which will raise £40m. Laporte's shares ended up 10p at 567p.

Rockwood made $10m pre-tax profits from sales of $55m in 1991 and Mr Minton said the deal will be earnings enhancing this year.

See Lex

Ken Minton: Rockwood will enhance 1992 earnings

Bridon cut down to £3.6m loss

By Richard Gourlay

BRIDON, the wire rope manufacturer, reported a slide into losses after margins collapsed under extreme international competition.

Losses amounted to £3.6m, against pre-tax profits of £10.1m last time. Sales fell to £319m (£336m). Losses per share were 6.4p (earnings of 14.3p) but the company decided to pay a reduced final dividend of 1.5p, giving a total for the year of 4p, half the 1990 level.

The share price slipped from 89p to 75p.

Mr David Allday, chief executive, said the recession had had a dramatic impact on margins, which had fallen from 4.5 per cent to 1.5 per cent. The group had also faced relocation costs and a large bad debt.

The group would now enjoy the benefit of a large contract with Shell, Mr Allday said, and should return to profitability and a covered dividend. "And when the economy turns around we are not going to chase volume but margins. Technically we are the most cost efficient in Europe."

● **COMMENT**

When a company swings from £10m pre-tax profits to losses of £3.6m, one might be forgiven for wondering how it can justify paying a dividend. When that company is in the wire rope business, one of the most cut-throat of European engineering industries, the question is all the more pertinent. The simple answer is that if Bridon had not paid a dividend, shareholders would have very little reason to stay with the company at all. And there is a chink of light. The longer recession in Europe continues, the more likely Bridon – as one of the most efficient producers – is likely to emerge at the top of a battered pile. Nevertheless, recovery will be slow. Pre-tax profits of about £1.5m are expected for 1992, giving 2.1p earnings that would again not cover the dividend.

TT on prowl after 40% rise

By Peggy Hollinger

TT GROUP, the acquisitive industrial holding company, yesterday unveiled a 40 per cent rise in pre-tax profits to £14.6m for the year to December 28.

The group, which has sparked speculation about its next takeover move through purchasing stakes in Renold and ML Holdings, said it was "in a strong position to embark on a major acquisition at the appropriate time".

Mr John Newman, a director, said the group's next purchase would be "another company which is well established in its market but which is not performing as well as it should do". Both Renold, which makes chains and gears for power transmission equipment, and ML Holdings, the aerospace and electronic components company, reported losses in their last set of results.

TT's profits growth was due to the inclusion for 12 months of Crystalate, the electronic components maker acquired for £34m in cash and shares in August 1990. Crystalate's £90m sales contribution also fuelled the 58 per cent rise in group turnover to £158m.

The industrial division, including Crystalate, increased its profit contribution from £2.6m to £7.8m, largely through improved margins. In the first half of 1990, before joining TT, Crystalate had reported a £900,000 loss.

Mr Newman said the group's profits growth in the current year would come from an improvement in Crystalate's US division.

The packaging division returned £8.4m in profits compared with £7.9m, while building services fell slightly, from £1.7m to £1.67m.

Interest charges jumped from £1.8m to £3.23m because of the debt acquired through Crystalate and the £3m cost of buying a 40 per cent stake in Magnetic Materials Group. Gearing fell by five points to 39 per cent.

Earnings per share rose from 14p to 15.1p. The final dividend is increased by 10 per cent to 3.3p, bringing the total for the year to 5.5p (5p).

● **COMMENT**

TT is back on the prowl and whether it goes for ML or Renold first will probably depend on which is the cheapest and least resistant. Either group would fit into the TT philosophy, although ML has the edge with about 22 per cent of its business in electronic components. What is not in doubt is that TT needs another acquisition to show significant growth this year. Forecasts are for a 9 per cent rise to £16m. At this level, the shares are trading on a multiple of just over 12. Although the price could be capped in the short-term by an acquisition for paper, the record at Crystalate bodes well for the next acquisition and for the shares in the medium-term.

Prudential advances by 9%

By Norma Cohen, Investments Correspondent

PRUDENTIAL Corporation, life insurance company, yesterday reported 1991 pre-tax profits of £267m, up 9 per cent, on the comparable £244m in spite of continuing losses in its general insurance business.

The company raised its dividend by 7 per cent to 11p per share.

Prudential also announced it would no longer sell its commercial lines general insurance through brokers, a move which resulted in a £53m extraordinary charge.

Losses in general insurance slowed somewhat to £149m from £185m in 1990, although within the broker sector, they rose sharply to £77m from £48m in 1990.

However, general insurance sold through the home services division, the sales network which distributes Prudential's life, pensions and savings products, broke even. This reflected tighter underwriting standards which caused a 9 per cent drop in policies written and an average 20 per cent increase in premiums.

Profits from the sale of traditional long-term business rose by 5 per cent to £385m, helped by sales of single-premium with-profits bonds, under the brand name of Prudence Bonds.

Mr Mick Newmarch, chief executive, said that since last May, the company had sold more than £500m of these bonds and sales agents were at present selling some £30m a week.

Advertising for the product, sold in similar form by several large life insurers, is now the subject of a review by Lautro, the self-regulatory body for the industry. Some companies may have to make refunds to customers who were misled about the products.

Mr Newmarch believed Prudential's advertising was "a paragon of clarity" and clearly warned prospective customers about the risks.

Meanwhile, Mercantile and General, Prudential's reinsurance subsidiary, produced a small trading profit which masked a significant improvement in the underlying performance on the life side.

Nearly half of the £60m trading losses on the general reinsurance business were due to prior years' charges, said Mr Newmarch.

He said Prudential expected to be able to raise reinsurance premiums this year due to declining capacity in that market.

Marketing costs check growth at Geest

By Roland Rudd

GEEST, the fresh produce and prepared foods group, reported a 6 per cent rise in pre-tax profits, from £24.8m to £26.2m, for the year to December 28.

Mr David Sugden, chief executive, said the growth was less spectacular than in previous years because of an additional £2m spending on new offices in Miami and Brussels.

Profits were struck after an exceptional £166,000 (£90,000), relating to the withdrawal from a wholesale business based in Brighton. Turnover grew from £594.6m to £626.3m.

Trading profit from the fresh fruit business rose to £19.3m (£18.9m) on turnover of £508m (£478m).

The Central American operation, based in Miami and Costa Rica, is expected to increase production by 60 per cent by the end of 1993.

Capital expenditure is set to rise from £17m to £40m by the end of this year. About £25m is being invested in Costa Rica, plus £6m in a fresh pasta factory and £5m in a fresh bread factory, both near Hull.

Trading profit from the food preparation businesses increased to £5.4m (£3.9m).

The group has decided to withdraw from Macfish, the frozen fish business in which it has a 50 per cent stake.

Mr Sugden said the move was "timely" since it enabled the group to take the £5.2m provisions below the line. A further £300,000 related to an abortive acquisition. New financial reporting standards, which come into effect later this year, stipulate that extraordinary items should be taken above the line.

Associated Fisheries, which controls the other half of Macfish, said it would also probably withdraw, incurring a £5.5m extraordinary charge.

Earnings rose to 26.3p (23.2p). A final dividend of 4.3p makes a total of 7.9p (7p).

● **COMMENT**

By Geest's standards these were disappointing results. In spite of difficult trading conditions the market has grown used to profit growth in double figures. Most analysts downgraded their forecasts for 1992 from £30m to £28m, giving earnings per share of 27.7p. This would put the shares, down 4p at 340p, on a prospective multiple of 12.2. Yet investors looking at the long-term should be pleased at the manner in which the company has positioned itself to take advantage of changes that are likely to come in the banana market in Europe. The present anomaly allowing most European countries to restrict access to their markets to benefit their former colonies is likely to end. Geest's Costa Rica production could significantly increase 1993 earnings, suggesting that the shares may be undervalued.

Change in product mix behind Iceland's 15% rise to £46.3m

By Peggy Hollinger

A CHANGE in product mix at Iceland Frozen Foods Holdings enticed more customers into the retailer's high street shops and helped to lift profits by 15 per cent from £40.3m to £46.3m in 1991.

Turnover rose by 23 per cent to £889.1m (£724.6m). Like-for-like sales rose by 15 per cent. The number of customers through the door every week had risen from 1.9m to 2.3m.

The increases were attributed to the higher proportion of chilled, as opposed to frozen, foods in Iceland's stores. "Times have changed and we are not in the frozen food centre business any more," said Mr Malcolm Walker, chairman.

Growth would in future come mainly in chilled foods, he said, although he added that frozen foods would remain integral to Iceland's strategy. The company claims 15 per cent of the estimated £3.5bn UK market for frozen foods, up from 12.5 per cent in 1990.

The increased proportion of chilled foods and dry groceries such as bread, tea and coffee, had eroded operating margins from 7.1 per cent to 6.5 per cent.

During the year the group opened 41 new stores, making a total of 532.

The group, which built up heavy borrowings following the Bejam purchase in 1989, cut gearing from 73 per cent to 54 per cent. A further fall to between 37 and 40 per cent is expected by the end of 1992.

Net debt was £73m, compared with £81m in 1990. Interest charges, net of the £742,000 (£1.3m) capitalised on freehold developments, fell a fraction to £11.2m (£11.3m)

The appliance business, inherited from Bejam, contributed £39.8m to sales, a rise of 22 per cent, while the insurance division rose 9 per cent to £11.3m.

Fully-diluted earnings per share rose from 27.5p to 32.1p. A final dividend of 5.85p (4.9p) gives a total 8.5p (7.2p).

The shares rose 7p to close at 474p.

● **COMMENT**

Iceland has done well to get over the painful integration of Bejam, and better still to draw back those customers alienated at the end of 1990 by the company's move upmarket. Yet the very philosophy which has given such success is Iceland's potential Achilles heel. Bejam's difficulties stemmed from its move towards being a middle range supermarket. Mr Walker emphatically denies that Iceland will forget its frozen food strength, but the risk is there. Furthermore, by its own admission, the value-led Iceland is a main beneficiary of recession. As conditions ease, the question of whither Iceland is bound to rear its head. The shares have had a good run in the past 12 months, outperforming the market by the best part of 50 per cent. Forecasts for next year are pitched at £54m. The p/e of a little less than 13 leaves the shares on a premium to others in the food retailing sector where the upside might be greater.

P&O chiefs buy £1.5m of shares

By Maggie Urry

LORD STERLING, chairman of Peninsular and Oriental Steam Navigation, and Mr Bruce MacPhail, managing director, between them bought shares worth £1.5m in the company yesterday after announcing results for 1991. Lord Sterling said this was a mark of confidence in the group's future.

Group turnover was slightly lower at £4.9bn (£5.04bn) and operating profits were £366.6m, down from £388.2m.

Despite the £604m rights issue launched in August last year the interest charge rose to £125.4m (£122.4m). Mr MacPhail said the group had the use of the rights money for only three months.

Pre-tax profits were £217.4m (£261.3m). This showed an improvement in the second half after interim pre-tax profits fell from £132.1m to £73.1m, but Lord Sterling said this was largely a seasonal bias towards the second half rather than any signs of recovery.

Earnings per share fell 23 per cent to 31p (40.4p adjusted for the rights) but the dividend is maintained, as promised with the rights issue, at 30.5p. Lord Sterling said the dividend policy was based on the group's medium and long-term prospects, not the short term.

The divisional break down showed a fall in operating profits from the service industries activities to £111.6m (£116.7m), but passenger shipping profits rose 14 per cent to £149.8m, excluding a £20.8m exceptional charge reflecting the effect on cruises of the Gulf war.

Container and bulk shipping profits fell to £59.6m (£63.9m). Mr MacPhail said the group does not disclose ship sale profits, which are a normal part of the business, but they were lower than in 1990.

The housebuilding, construction and development division suffered a loss of £20.3m (profit £15.8m) although this included a loss from the Pall Mall Properties associate of £22.4m (loss £7m).

Investment property profits rose from £60.1m to £65.9m. There was a £33m write down of investment property values which was charged to reserves.

At the year end the group's balance sheet showed shareholders' funds of £2.27bn (£1.74bn) and net debt of £1.07bn (£1.41bn).

British Sugar in venture talks with US producer

By Maggie Urry

BRITISH SUGAR, the sugar beet refining and marketing group, is in talks with the Californian & Hawaiian Sugar Company about a possible partnership.

C&H is owned by the Hawaiian cane sugar growers on a co-operative basis. The growers send their raw cane to C&H's San Franciscan refinery for processing and distribution. C&H is the leading brand of sugar in the west of the US.

The refinery produces about 600,000 tonnes of sugar a year making it one of the largest in the world. British Sugar, which Associated British Foods acquired in January last year, is discussing a tie-up giving it a stake in the refining and distribution business.

Mr Peter Jackson, managing director of British Sugar, said he could not disclose any details of the discussions.

British Sugar has begun due diligence investigations and a deal was expected by the summer. He said that British Sugar could bring both technical and marketing expertise. C&H might benefit from a change of control from a co-operative to a company.

Analysts suggested that British Sugar would want at least a 50 per cent stake in the joint venture, which might be worth $100m (£58m) judging by recent acquisitions in the US sugar refining business.

C&H's annual turnover is $405m. Profits are not disclosed, but similar refineries can make $40m to $60m.

Lloyds Abbey Life sells Irish insurance arm

By Norma Cohen, Investments Correspondent

Lloyds Abbey Life has sold Abbey Life (Ireland), its Irish insurance subsidiary, to Canada Life Assurance Company of Great Britain, for its book value of £20.6m.

Mr Chris Wiscarson, finance director of Lloyds Abbey Life, said the sale reflected the company's view that without a bank distribution network in Ireland, the subsidiary's growth potential was limited.

The new owners will merge their Irish operations with those of the Abbey Life subsidiary to form the third largest Irish insurer. It will have total assets of £557m, 135,000 policyholders and a market share of 5.3 per cent. Before the merger, Abbey Life ranked 11th in Ireland with Canada Life 13th.

Shandwick £1.4m in the red

By Gary Mead, Marketing Correspondent

SHANDWICK, the public relations company, yesterday , reported a pre-tax loss of £1.4m for the 15 months to October 31, slightly worse than analysts' forecasts. For the 12 months to July 31 1990 there were pre-tax profits of £21m

Turnover advanced to £196m (£163m) while operating profits dropped to £14.4m (£24.8m) and losses per share were 8.9p (earnings 18p).

Shandwick also announced a number of board changes. Mr Peter Gummer remains as chairman and additionally takes over as chief executive from Mr Antony Stoddard, who has resigned. Mr Stoddard will act as consultant for 12 months.

Mr Gummer, together with Mr John Huckle, finance director, and Mr Dermot McNulty, chief operating officer who is now appointed a director, will form the executive committee of the board. Mr Gummer will relinquish the chief executive post in due course while remaining executive chairman.

The City was forewarned of likely losses by Mr Gummer last December, when Shandwick's share price collapsed from 125p to 52½p. Since then it has fallen further, closing yesterday at 29p. Analysts had been forecasting pre-tax profits of between £10m and £14m for 1992.

Mr Gummer pointed to the Gulf war and recession as the causes of Shandwick's profits' collapse. He said action had been taken to cut overheads. Staff – 50 per cent of the company's costs – had been reduced from 2,150 to 1,950.

Exceptional provisions of £9.3m covered severance and closure costs, delayed and cancelled contracts and abortive acquisitions and joint ventures. In October, net debt stood at £50m and has since increased to £56m.

Shandwick had delayed announcing the results to finalise new banking arrangements. Mr Gummer said the company had achieved an additional £5m facility, making £65m in total.

A proposed final dividend of 1.18p makes a total of 3.54p for the 15-month period (3.5p).

Lasmo will incur small loss

By Deborah Hargreaves and Andrew Freeman

LASMO, the independent oil and gas exploration group, will today announce a small operating loss after restating its results to embrace changes in accounting practices. This could put additional pressure on the company's shares in a sector already trading at a long-term low.

Lasmo, which took over Ultramar for £1.2bn last December, is being hit hard by weak oil prices and is expected to announce cuts in its exploration budget.

The overhaul of accounting practices will reduce earnings for the past eight years, which will be restated. Mr Michael Pavia, finance director, argues that it will make Lasmo easier to understand.

Mr Roger Aylard, oil analyst at SG Warburg, believes that Lasmo's restated net profit for last year will be £31m, against an estimate under the old accounting method of £70m.

The company's gearing is also expected to rise to about 80 per cent as a result of the acquisition and the accounting changes. But Lasmo is confident of reducing debt once it sells off Ultramar's downstream assets. The company is inviting bids from other oil companies which it will evaluate in a month. The alternative is to float off the Californian and Quebec refineries in one North American company.

Lasmo had outgrown its previous accounting methods which are still widely used by the UK's band of small, entrepreneurial oil exploration companies.

The biggest change is in the way the company accounts for the huge costs of its exploration programme. It will now do this on a "successful efforts basis" in line with companies like British Petroleum and Shell, which means that the costs of exploration are written off over the life of a producing asset once a project has successfully found oil.

Costs of other projects, where millions of pounds are incurred only to find a well is dry, are written off straight away – against the relevant year's profits.

Lasmo had previously written off the costs of all developments – whether successful or not – over the life of attributable reserves. This lengthened the period over which costs were written off, boosting profits in the short-term.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Amber Day	int	1.1†	June 29	0.9	-	2.7
Barr & Wallace	fin	7	July 6	6.75	10	9.75
Brake Bros	fin	4.1	July 1	3.75	5.75†	5.25
Bredero Props	fin	nil	-	1.2	nil	2.4
Bridon	fin	1.5	July 3	5.5	4	8
Colorgraphic	fin	0.01	May 29	4.86	0.01	6.86
Derwent Valley	fin	5.7	May 22	5.5	8.6	8.25
EBC	fin	4.5	May 15	4.5	8	8
Ests & Agency	int	2.5	Apr 3	3.5	-	7.5
Epwin	fin	4.5	Jun 5	4.3	6.6	6.4
Fairhaven Intl	fin	0.4☆	May 13	0.2	0.4	0.2
Geest	fin	4.3	July 1	3.75	7.9	7
Goal Petroleum	fin	1.25	May 20	1.1	1.25	1.1
Hambro C'wide	fin	nil	-	nil	nil	0.05
Iceland Foods	fin	5.85†	May 29	4.9	8.5	7.2
Invergordon Dist	fin	4	-	3	6.5	5
Kleinwort Dev	int	2.75	May 15	2.75	-	9.5
Laporte	fin	12.1	May 13	11.4	18.9	17.8
Mallett	fin	3	May 21	4	4.5	6
Pendragon	fin	4	May 29	3.6	6†	5.4
P&O	fin	17†	May 20	17	30.5	30.5
Prudential	fin	7.2	May 27	6.8	11†	10.3
Shandwick	fin	1.18†	June 17	2.61	3.54‡	3.5
Sunset + Vine	int	1.5	May 28	1.5	-	3.5
Tay Homes	int	1.2	May 7	1.2	-	5.3
TT	fin	3.3	May 28	3	5.5	6
Wolseley	int	3.1†	July 31	3.1	-	12.1
Wood (Arthur)	fin	4.1	May 1	4.1	4.1	4.1
Worcester	fin	2.88	May 14	2.68	4.21	4.01

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues. ‡For 15 months. ☆US cents.

COMPANY NEWS: UK

Cost control behind 6% improvement at Halifax

By David Barchard

PRE-TAX PROFITS at Halifax Building Society, the largest UK mortgage lender, rose by 6 per cent in the year to January 31 1992 despite the recession. The improvement was achieved largely by tight control of costs.

Profits after provisions were £628m, up from £593m.

Provisions against bad loans soared from £107m to £229m, of which likely losses on house purchase were £191m (£56m). The society gave no details of the number of homes it took into repossession beyond saying that they were line with the rest of the industry, implying a likely total of about 10,000 homes.

Mr Jim Birrell, chief executive, said that early in 1991, the society had decided to cut its cost base and lend at reduced levels in response to the problems of the mortgage market.

The society's mortgage business contracted during the year, with net lending falling from £5.32bn to £3.92bn, a decline of 26 per cent. The number of loans made in the year was down from 211,000 to 188,000.

Its share of the UK mortgage market declined from 16 per cent to 14 per cent.

The society's total lending book grew from £44.8bn to £48.5bn.

Retail savings had a good year with a net inflow of £4.6bn; as a result the society paid back about £400m of wholesale funding.

The cost-income ratio for the Halifax Group dropped from 48.5 per cent to 43.6 per cent, the lowest in over a decade. The cost-income ratio for Halifax's core building society operations dropped to 38 per cent – well below the industry average.

Mr Birrell said Halifax was pleased to have achieved the reduction without cutting either staff or capital.

Operating losses on Halifax Estate Agencies were down from £18.3m to £6.6m. Halifax also lost £3m on the Halifax Visa Card, a joint venture with Bank of Scotland.

However, one sting in the tail of the results is that they are probably the last in which the society's total asset size is greater than that of Abbey National, its faster-growing rival.

Halifax's total assets of £58.7bn (£54.1bn) are now only a whisker ahead of Abbey National's £57.4bn. On previous form, Abbey National is now certain to overtake Halifax this year.

ADT falls 44% in line with City forecasts

By Richard Gourlay

ADT, the Bermuda-based security and car auction company, yesterday reported a 44 per cent fall in pre-tax profits for 1991, broadly in line with market expectations.

Pre-tax profits fell to $137m (£79m) against $244m on sales up 9 per cent at $1.25bn. Earnings per share fell from $1.93 to $1.04.

The company repeated its statement that it would not pay an ordinary dividend until the 1992 results at the earliest in line with the policy of reducing debt.

Mr Michael Ashcroft, chairman, forecast that earnings per share would increase in 1992. "Not many UK companies would go out on a limb and say that," he said.

Regarding ADT's convertible preference shares which fall due in 1994, Mr Ashcroft said: "The last quarter of 1994 is two and a half years away, we do not see it as a problem."

The pre-tax figure was again boosted by profits from foreign exchange gains of $20m, down from last year's $27m. The gain from long term investments fell from $22.7m to $11.6m, including losses on the sale of stakes in Christies International and Quoteplan.

The figures included a $57.9m charge above the line, most of which was due to interest as debt rose as the group crystallised losses on associate investments.

Debt finished the year at $1.04bn, down from $1.1bn, but Mr Ashcroft said that taking away the value of quoted investments and liquid assets, gearing at the year-end would be about 100 per cent on shareholders' equity of $600m.

At the operating level, profits from security services fell slightly, from $133m to $131m, while auctions increased profits from $64.3m to $71.8m.

Asda Property sale raises £38m cash

Asda Property Holdings has sold a parcel of residential properties in the south of England to the Bradford Property Trust, for £38m cash.

The group will hold the remainder of its residential portfolio as trading stock and concentrate on its core activities in the commercial property sector.

Asda Property Holdings is a publicly-quoted company and is separate from the Asda grocery chain.

EBC down 42%

A 42 per cent fall in pre-tax profits from £3.51m to £2.04m was announced by EBC Group for the year to December 31.

A recommended unchanged final dividend of 4.5p maintains the total at 8p. Earnings per share dropped from 18.99p to 12.17p.

Turnover was £60m (£65.2m).

Losses deepen to £6.5m at Hambro Countrywide

By David Barchard

LOSSES AT Hambro Countrywide, the estate agency and insurance group, jumped from £988,000 to £6.49m before tax in 1991 even though turnover rose by 5 per cent.

Losses per share increased from 0.36p to 1.95p and no dividend is to be paid.

Turnover rose from £88.4m to £93.2m.

Mr Christopher Sporborg, chairman, said losses had been at lower levels in the second half of the year and the group still believed it was right to pursue a strategy of increasing its market share and controlling costs rather than shutting offices.

Nonetheless, he added: "December 1991 was the worst month on record for most of our estate agency business and we entered the new year with the level of new business at historic lows. This will undoubtedly affect our results for the first month or two of 1992."

During the year Hambro Countrywide increased its branch network to 487 with the purchase of the 22 branches of the Cheltenham & Gloucester estate agency.

The estate agencies sold more mortgages – 16,538 against 15,138 the previous year – and more life assurance policies, with 19,685 against 18,832.

House sales also increased, to 40,407, 7.8 per cent more than in 1990. However, the average value of each house sold dropped by 5 or 6 per cent.

During the year Hambro Guardian Assurance entered the permanent health market with a disability income benefit policy and new products for long term care assurance.

NEWS DIGEST

Barr & Wallace at £4.3m

AMID difficult trading conditions, Barr & Wallace Arnold, the motor and fuel distributor and leisure group, maintained second half profits at £3.2m to finish 1991 some 4.5 per cent lower at £4.31m, against £4.51m.

Mr Malcolm Barr, chairman, described the result as satisfactory, given the effects of the recession on the motor division, which comprises about half the group.

Motor profits on continuing businesses fell 20 per cent to £1.99m (£2.49m), but new car sales dropped by only 12.6 per cent against a national average of 20.7 per cent. Leisure and holidays achieved a slightly better £3.7m (£3.63m) reflecting strong demand for inclusive UK holidays which offset the Gulf war effect. Fuel distribution fell to £309,000 (£480,000).

Turnover dropped from £238.3m to £229.5m. Earnings per share slipped to 20.7p (22.8p), but the dividend for the year is raised to 10p (9.75p) with a recommended final of 7p.

Borrowings were reduced from £14.8m to £9.1m and quality of earnings improved by disposing of four loss-making businesses. Gearing was cut to 32.4 per cent (55.3 per cent).

Aran Energy shows decline to I£5,000

Aran Energy, the Dublin-based oil and gas exploration company, turned in sharply reduced pre-tax profits for 1991, down from I£121,000 (£113,000) to I£5,000.

Turnover was slightly ahead at I£29.9m (I£29.1m).

The company has now arranged a $197.5m credit facility to finance its activities until production is on stream.

Losses per share were 0.14p (earnings of 0.09p).

Sharp fall to £1.1m at Mallett

Mallett, the London antique dealer in which House of Fraser holds a 29.93 per cent interest, suffered a sharp fall in pre-tax profits from £3.66m to £1.12m in 1991. Turnover dived 42 per cent to £8.39m, against £14.6m.

Mr Rex Cooper, chairman, said the art market was suffering its worst reversal since the Second World War and a deepening of the recession, together with the increased overheads of the new building at 141 New Bond Street, had hit sales and margins.

Profits this time included an exceptional credit of £660,000. Earnings per share tumbled to 5.96p (17.27p) and the dividend has been cut to 4.5p (6p) with a proposed final of 3p (4p).

Derwent Valley swells to £821,000

Derwent Valley Holdings, the property company, followed its return to profits at the interim stage with a pre-tax outcome for 1991 of £821,000, against losses of £335,000.

Net revenue from properties was £6.17m, up from £5.14m, but there was a loss from trading of £20,000.

In the period the company suffered a further reduction in the value of its portfolio giving net assets per share at December 31 of 744p, against 937p a year earlier.

Earnings were 6.1p (5.5p losses) and a final dividend of 5.7p gives a total of 8.6p (8.25p).

Edinburgh Oil & Gas at £0.29m

Edinburgh Oil & Gas reported pre-tax profits of £285,000 for 1991, compared with £66,000. Turnover doubled to £1.82m, against £976,000.

There was an operating profit of £2,000 (£102,000 loss) while investment gains increased to £256,000 (£108,000). Earnings per share came out at 1.63p (0.43p).

In the present year the company has made two acquisitions which will boost production and reserves. On completion the company will become the operator of two producing fields.

Sunset + Vine improves 48%

Sunset + Vine, the television programming and services group, returned to the growth track with a 48 per cent expansion in interim profits.

On turnover ahead some 31 per cent to £2.46m, the pre-tax line for the six months to end-December rose to £363,000 (£246,000).

Mr Colin Frewin, chief executive, attributed the performance to efforts made to "expand the breadth of our programme concepts". A number of projects were at the final commissioning stage, he added.

The interim dividend is maintained at 1.5p, payable from earnings of 4.6p (3p) per share.

Northern boost for Cussins Property

A strong northern housebuilding performance helped Cussins Property Group cut annual losses from £4.04m to £365,000. The company said that prospects had improved following the "painful measures" taken during the year.

The Newcastle-based company decided to concentrate on housebuilding and as a result, turnover for 1991 fell from £21.8m to £18.4m, all of which related to housebuilding in the north-east of England.

The pre-tax line was helped by the elimination of losses from associates which took £8.06m last time. Of the £2.21m (£2.7m) interest charge, a significant part was for discontinued activities.

Exceptionals leave Bredero in the red

Exceptional write-downs of £6.52m in its property portfolio left Bredero Properties with pre-tax losses of £4.5m for 1991 compared with profits of £1.58m. Losses at the half year were £1.27m.

Turnover fell from £75.6m to £53.3m, for operating profits of £2.02m (£3.21m). Losses per share were 13.1p (4.3p earnings) and the final dividend is passed (1.2p) resulting in a nil distribution (2.4p) for the year.

Net asset value per share stood at 1.96p at December 31 against 2.19p a year earlier.

Associates boost Fairhaven to $14m

Substantial income from associates enabled Fairhaven International, the specialist construction company which was granted a full listing in September 1991, to report pre-tax profits of $14.1m (£8m) in 1991, an increase of 39 per cent on the comparable $10.1m, which included an exceptional gain of $1.42m.

Turnover was $308.7m ($301.1m). After a higher tax charge of $4.3m ($1.68m) earnings per share came out at 4.01 cents (3.55 cents). A doubled single final dividend of 0.4 cents is proposed.

The company said that it believed 1992 would continue to justify the strategy of concentrating on its core construction-related businesses.

Sunleigh reports £2.04m deficit

Sunleigh, the leisure group rescued last year through a £3.8m placing, announced pre-tax losses of £2.04m for 1991, a capital restructuring and the £1.6m acquisition of a controlling interest in the leading manufacturer of Laser sailing dinghies.

The purchase of a 63 per cent stake in the ordinary share capital of Gavel Securities, and a further 72 per cent of the preference shares, will be funded by a £1.8m placing and open offer to shareholders at 8p.

The deficit compared with losses last time of £1.81m.

Sunleigh also announced a capital restructuring to reduce the deficit on the profit and loss account.

Arthur Wood ahead 12% to £261,000

Arthur Wood & Son (Longport), the earthenware manufacturer, lifted pre-tax profits by 12 per cent, from £234,244 to £261,431, over 1991.

The increase was struck on turnover ahead some 7 per cent at £3.7m. Mr Anthony Wood, chairman, said that trading conditions "remained extremely difficult".

Exports expanded by 23 per cent but only accounted for 12.9 per cent of total turnover.

Earnings per share were 9.28p (8.36p). The single distribution is again 4.1p.

Lloyd's probe at Bain Clarkson

Bain Clarkson, the insurance broking subsidiary of Inchcape, yesterday confirmed that it has been the subject of disciplinary investigations by the authorities at Lloyd's of London, which regulates itself.

The investigations began in October and concern "grossing up" and other market practices by Bain staff.

Bain said, however, that there was no evidence of fraud or dishonesty and that the situation was not "expected to have any financial significance to the company".

The company intends making no further comment until the outcome of the inquiry is known.

Castle Mill Intl warns of losses

Castle Mill International, the clothing and gifts group, has warned there would be a significant loss for the year when it reports 1991 results in April.

The second half had been hit by a difficult trading climate and the run down of both the children's clothing business and the leisurewear business of Force Sportive resulting in stock losses and closure costs.

The group swung from losses of £88,555 to profits of £313,861 pre-tax for 1990.

Mexico Fund reveals rights price

Mexico Fund, a mutual fund listed in New York and London which primarily invests in Mexican equity, has revealed terms of a previously-announced rights offering.

Holders of every three shares on the record date of March 20 will be entitled to buy one additional share at $20, a one-third discount to the $30 closing price on the New York Stock Exchange on Friday.

LEGAL NOTICES

Notice of first meeting of creditors
Registered No: 1746496 & 1844458
Registered in England and Wales
IAN SINGLE FILM COMPANY LIMITED
and
IAN SINGLE PRODUCTIONS LIMITED
Principal place of business: 54 Marshall Street, London W1
NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named companies will be held at Shelley House, 3 Noble Street, London EC2V 7DQ on 9 April 1992 concurrently at 10.30 a.m. for the purposes mentioned in Sections 99 to 101 of the said Act, viz:
(a) to have laid before it a statement as to the affairs of the company;
(b) to nominate one or more insolvency practitioners as liquidator or liquidators, and
(c) if thought fit, to establish a liquidation committee
(d) and to pass any other resolution necessary.
A list of the names and addresses of the company's creditors may be inspected free of charge at Shelley House, 3 Nobel Street, London EC2V 7DQ between 10.00 am and 5.00 p.m. on 7 April 1992 and 8 April 1992.
Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at Shelley House, 3 Noble Street, London EC2V 7DQ no later than 12 noon on 8 April 1992. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proofs have been lodged and admitted for voting purposes. While proofs may be lodged at any time before voting commences, creditors intending to vote at the meeting are requested to send them with their proxies.
Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.
BY ORDER OF THE BOARD.
NOTES. 1. Creditors are requested to supply details of their claims with their proxies in order to assist with the preparation of the directors' statement of affairs.
2. A proof of debt is a document stating the amount of the creditor's claim and may (subject to rule 4.76) be in any form.

Notice of Creditors' Meeting under Section 48(2) of the Insolvency Act 1986
Registered No 2176203
Registered in England and Wales
PORTFAX LIMITED
(In Receivership)
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named Company will be held at Shelley House, 3 Noble Street, London EC2V 7DQ on 25 March 1992 at 3.00 pm for the purposes of having laid before it a copy of the report prepared by the administrative receiver under Section 48 of the said Act *and, if thought fit, appointing a committee.*
Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:
(i) they have delivered to me at the address shown below, no later than 1200 hours on 24 March 1992, written details of the debts they claim due to them from the Company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(ii) there has been lodged with me any proxy which the creditor intends to be used on his behalf.
Date: 17 March 1992
A P Whalley, Joint Administrative Receiver
Cork Gully, 1 Port Way, Port Solent, Portsmouth PO6 4TY

RICHARD JAMES CONDON
- IN BANKRUPTCY
High Court Number 244 of 1975
NOTICE IS HEREBY GIVEN, pursuant to the Insolvency Rules 1986, that the Trustee in Bankruptcy of the above named individual intends to pay a dividend to creditors. The creditors are required within 21 days of the date of this notice to submit proofs of debt to the Trustee in Bankruptcy, John F Powell, of Cork Gully, 43 Temple Row, Birmingham, B2 5JT and if so *requested, to provide such further details* or produce documentary or other evidence as may appear to the Trustee to be necessary. A creditor who has not proved his debt before the date mentioned above is not entitled to disturb, by reason that he has not participated in, the dividend or any other dividend declared before his debt is proved.
John F Powell, Trustee in Bankruptcy
16 March 1992

The Insolvency Act 1986
PREMIER ALUMINIUM & GLASS LTD
NOTICE IS HEREBY GIVEN that the creditors of the above named company are required on or before the 30th day of April 1992 to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their solicitors, if any, to Alan Peter Whalley ACA, of Cork Gully, Hill House, Richmond Hill, Bournemouth, Dorset BH2 6HS, the liquidator of the said company, and, if so required by notice in writing from the said liquidator, or by their solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this day 10th March 1992
A P WHALLEY, Liquidator

THE INSOLVENCY ACT 1986
CODMAN LIMITED
Notice is hereby given that the Creditors of the above named company which is being voluntarily wound up, are required on or before 30 April 1992, to prove their debts by sending to the undersigned Timothy R Harris FCA of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ, the liquidator of the company, written statement of the amounts they claim to be due to them from the Company and, if so requested, to *provide such further details or produce such* documentary evidence as may appear to me to be necessary.
ALL KNOWN CREDITORS HAVE BEEN OR WILL BE PAID IN FULL.
19 March 1992
T.R. HARRIS, LIQUIDATOR

THE INSOLVENCY ACT 1986
JOHNSON & JOHNSON
ORTHOPEDICS LIMITED
Notice is hereby given that the Creditors of the above named company which is being voluntarily wound up, are required on or before 30 April 1992, to prove their debts by sending to the undersigned Timothy R Harris FCA of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ, the liquidator of the company, written statement of the amounts they claim to be due to them from the Company and, if so requested, to provide such further details or produce such documentary evidence as may appear to me to be necessary.
ALL KNOWN CREDITORS HAVE BEEN OR WILL BE PAID IN FULL.
19 March 1992
T R HARRIS, LIQUIDATOR

THE INSOLVENCY ACT 1986
JOHNSON & JOHNSON
CARDIOVASCULAR LIMITED
Notice is hereby given that the Creditors of the above named company which is being voluntarily wound up, are required on or before 30 April 1992, to prove their debts by sending to the undersigned Timothy R Harris FCA of Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ, the liquidator of the company, written statement of the amounts they claim to be due to them from the Company and, if so requested, to provide such further details or produce such *documentary evidence as may appear to* me to be necessary.
ALL KNOWN CREDITORS HAVE BEEN OR WILL BE PAID IN FULL.
19 March 1992
T R HARRIS, LIQUIDATOR

THE INSOLVENCY ACT 1986
IN BANKRUPTCY
IN THE NOTTINGHAM COUNTY COURT
No. 44 of 1992
RE: JULIE CATHERINE LUCKHURST
THIS IS TO CERTIFY that John Frederick Powell of Cork Gully, Abacus House, 32 *Friar Lane, Leicester LE1 5RA* has been duly appointed as Trustee of the estate of the above-named bankrupt with effect from 3 March 1992.
On behalf of the Secretary of State

Notice of Creditors' Meeting under Section 48(2) of the Insolvency Act
JABRO LIMITED
(In Receivership) Registered No. 1559649
JABRO FOOD AND DRINK (LUTON) LIMITED
(In Receivership) Registered No. 2487323
JABRO FOOD AND DRINK (HAYES) LIMITED
(In Receivership) Registered No. 2487347
McIVOR DRINKS LIMITED
(In Receivership) Registered No. 2515012
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named Companies will be held at Cork Gully, 9 Blackfriars Road, Reading at 10.30am on Thursday, 2 April 1992 *for the purpose of having laid before it a copy of* the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the function *conferred on creditors' committees by or* under the Act.
Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only *entitled to vote if:*
(a) they have delivered to me at the address shown below, no later than 1200 hours on Wednesday, 1 April 1992, written details of the debts they claim to be due to *them from the Company, and the claim has* been duly admitted under the provision of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with me any *proxy which the creditor intends to be used* on his behalf.
Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned: *photocopies (including faxed copies) are* not acceptable.
Date: 17 March 1992
J M Iredale, Joint Administrative Receiver
Address to which proxies should be *delivered: Cork Gully, 9 Greyfriars Road,* Reading, Berkshire RG1 1JG

Company Number 442851
Registered in England and Wales
N WEBSTER LIMITED
In Administrative Receivership
NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, *that a meeting of the unsecured creditors of* the above-named Company will be held at 43 Temple Row, Birmingham B2 5JT on 3 April 1992 at 11.00 am for the purpose of having laid before it a copy of the report *prepared by the administrative receivers* under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.
Creditors are only entitled to vote if:
(a) they have delivered to us at the address shown above, no later than noon on 2nd April 1992, written details of the debts they claim to be due to them from the Company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditors must be lodged at the address mentioned, photocopies (including faxed copies) are not acceptable
Date: 18 March 1992
John F Powell Joint Administrative Receiver

CENTRAL CAB COMPANY LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at the Rougemont Hotel, Queen Street, Exeter, Devon on 14 April 1992 at 11.30a.m. for the *purposes mentioned in sections 99 to 101 of* the said Act.
A list of the names and addresses of the company's creditors may be inspected free of charge at the offices of Cork Gully, Mayflower House, 178-184 Armada Way, Plymouth, Devon on Friday 10 April 1992 and Monday 13 April 1992.
Dated 25 March 1992
By order of the Board
H.O. Bluvored, Director

DOLPHIN & CO LIMITED
NOTICE IS HEREBY GIVEN, pursuant to section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at: The Grand Hotel, Colmore Row, Birmingham, on 8 April 1992 at 11.00 am for the purposes mentioned in sections 99 to 101 of the said Act.
A list of the names and addresses of the company's creditors may be inspected free of charge at: 43 Temple Row, Birmingham, B2 5JT on Monday, 6 April 1992 and Tuesday, 7 April 1992.
DATED - 18 March 1992
By order of the Board
S Lew, Director

Notice of appointment of joint administrative receivers
SHIERS SERVICES LTD
Registered number: 978571, Nature of business, Suppliers of diving services, Trade classification: 03, Date of appointment of joint administrative receivers: 9 March 1992, Name of person appointing the joint administrative receivers, Barclays Bank PLC.
JONATHAN MICHAEL SISSON and ROBIN MARK ADDY, Joint *Administrative Receivers (Office holder nos 4908 and 1031)*, Cork Gully, The Atrium, St Georges Street, Norwich NR3 1AG

Notice of appointment of joint administrative receivers
ROCKWELL PACKAGING MACHINES LIMITED
Registered number: 605992, Nature of business, Packaging Machine Manufacturers, Trade classification 2-11, Date of appointment of joint administrative receivers: 12 March 1992, Name of person appointing the joint administrative receivers, Lloyds Bank PLC
Robin Michael Addy and Nicholas Roger Bromfield Godden, Joint Administrative Receivers (Office holder nos 1031 and 2439), Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge CB3 0BL

Notice of appointment of joint administrative receivers
D R SHIERS LIMITED
Registered number: 1101811, Nature of business, Holding Company, Trade classification; 03, Date of appointment of joint administrative receivers: 9 March 1992, Name of person appointing the joint administrative receivers, Barclays Bank PLC.
JONATHAN MICHAEL SISSON and ROBIN MARK ADDY, *Joint Administrative Receivers (Office holder nos 4908 and 1031)*, Cork Gully, The Atrium, St Georges Street, Norwich NR3 1AG

Notice of appointment of joint administrative receivers
HARDANGER PROPERTIES LTD
Registered number: 908211, Nature of business, Property Development, Trade classification 35, Date of appointment of joint administrative receivers: 4 March 1992, Name of person appointing the joint *administrative receivers*, Barclays Bank PLC.
ROBIN MICHAEL ADDY and JOHN FREDERICK POWELL, Joint Administrative Receivers (Office holder nos C2 and 249), Cork Gully, 43 Temple Row, Birmingham B2 5JT

Notice of Appointment of Joint Administrative Receivers.
MODACC PLC
Notice is hereby given, pursuant to Section 46(1) of the Insolvency Act 1986 that on 12 March 1992, we, J M Iredale and N J Vooght, of Cork Gully, Harman House, 1 George Street, Uxbridge, Middlesex UB2 1QQ were appointed Joint Administrative Receivers of Modacc plc, registered number 2234930, by Midland Bank Plc.
J M Iredale, Joint Administrative Receiver

NOTICE OF MEETING OF CREDITORS
IN THE MATTER OF
BISHOPSGATE INVESTMENT MANAGEMENT LIMITED
(In Liquidation)
AND THE INSOLVENCY ACT 1986
NOTICE IS HEREBY GIVEN that on 4th March 1992 following a winding up order made by the Court on that date, Neil Hunter Cooper and Ian Jacob were appointed Joint Liquidators of the above named company by the Secretary of State.
A meeting of creditors will be held for the purposes of establishing a Liquidation Committee pursuant to Section 141 of the Insolvency Act 1986 at 10.00 a.m. on Monday, 6th April 1992 at the Cutler Suite, Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7HY.
Dated this 19th day of March 1992.
N. H. Cooper and I. Jacob, Joint Liquidators

Rule 3.2
NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS
Registered Name: Applied Telematics Group Limited
Registered No: 01794348
Trade classification: 36
Names and Addresses of Joint Administrative Receivers:
N Ruddock and V M Bairstow
The Galleria, 186 City Road
Crawley, London
West Sussex, EC1V 2NU
RH10 1HY
Date of Appointment: 17 March 1992
By whom Appointed: Midland Bank plc
Date of Charge: 30 June 1986
Nature of Charge: Fixed and floating
Joint Administrative Receivers
N Ruddock, V M Bairstow

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
BROOKS FABRICATIONS LIMITED
NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986 that a meeting of the creditors of the above named Company will be held at Westminster Chamber of Commerce, 177 Regent Street, London W1 on 7th April 1992 at 12.00 Noon for the *purposes provided for in Section 98 et seq.*
A list of names and addresses of the Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 48 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 19th day of March 1992
I M Urquhart, Director

IN THE MATTER OF
REINHOLD PLC
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Vivian Murray Bairstow and Richard William James Long of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above company by the members on 5th March 1992 and the creditors on 12th March 1992.
Dated this 19th day of March 1992
V M Bairstow and R W J Long
Joint Liquidators

IN THE MATTER OF
REINHOLD MAYFAIR LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Vivian Murray Bairstow and Richard William James Long of Robson Rhodes, 186 City Road, London EC1V *2NU were appointed Joint Liquidators* of the above company by the members on 5th March 1992 and the creditors on 12th March 1992.
Dated this 19th day of March 1992
V M Bairstow and R W J Long
Joint Liquidators

IN THE MATTER OF
REINHOLD TRAFALGAR LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Vivian Murray Bairstow and *Richard William James Long* of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above company by the members on 5th March 1992 and the creditors on 12th March 1992.
Dated this 19th day of March 1992
V M Bairstow and R W J Long
Joint Liquidators

IN THE MATTER OF
REINHOLD COCKSPUR STREET LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Vivian Murray Bairstow and Richard William James Long of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above company by the members on 5th March 1992 and the creditors on 12th March 1992.
Dated this 19th day of March 1992
V M Bairstow and R W J Long
Joint Liquidators

IN THE MATTER OF
REINHOLD MAIDENHEAD LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Vivian Murray Bairstow and Richard William James Long of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above company by the members on 5th March 1992 and the creditors on 12th March 1992.
Dated this 19th day of March 1992
V M Bairstow and R W J Long
Joint Liquidators

IN THE MATTER OF
REINHOLD RICKMANSWORTH LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986
In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that Vivian Murray Bairstow and Richard William James Long of Robson Rhodes, 186 City Road, London EC1V 2NU were appointed Joint Liquidators of the above company by the members on 5th March 1992 and the creditors on 12th March 1992.
Dated this 19th day of March 1992
V M Bairstow and R W J Long
Joint Liquidators

In the matter of the Insolvency Act 1986
PETER DURRANT LIMITED
Registered number: 959478, Nature of business, Motor Dealers, Trade classification 19, Date of appointment of joint administrative receivers: 13 March 1992, Name of person appointing the joint administrative receivers, National Westminster Bank Plc.
JOHN MARTIN IREDALE and NIGEL JOHN VOOGHT, Joint Administrative Receivers (Office holder nos 2134 and 6339), Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG

THE INSOLVENCY ACT 1986
IN THE NOTTINGHAM COUNTY COURT
IN BANKRUPTCY NO 44 OF 1992
Re: JULIE CATHERINE LUCKHURST, Gift Retailer, lately residing at 127 High Road, Beeston, *Nottingham, carrying on business* as Mulberry's 127 High Road, Beeston, Nottingham.
I, JOHN FREDERICK POWELL, Chartered Accountant of Cork Gully, Abacus House, 32 Friar Lane, Leicester, LE1 5RA HEREBY GIVE NOTICE, that I was appointed Trustee in Bankruptcy of the above named on 3 March 1992.
All persons having in their possession any of the effects of the Estate must deliver them to me, and all debts due the Estate must be paid to me.
Creditors who have not proved their debt must forward their Proof to Debt to me at the above address. I do not propose to summon a general meeting of creditors for the purpose of establishing a creditors committee under Section 301 of the Insolvency Act 1986. However, creditors are advised that they may request a meeting of creditors to be summoned, pursuant to Rule 6.83 of the Insolvency Rules 1986.DATED this 17 day of March 1992 JOHN FREDERICK POWELL
Trustee in Bankruptcy

BERTINORO COMPANY NV
NOTICE IS HEREBY GIVEN that I, Timothy Richard Harris of Shelley House, 3 Noble Street, London EC2 was appointed liquidator of the above named company on *2 July 1991. Any debts due to the company* should be paid to me and any claims should be notified to me at the aforementioned address by 30 June 1992
T R Harris, Liquidator
21 February 1992

Notice of Administration Order
INDEXPRIDE LTD
Registered number: 2406760. Nature of busines: Overseas Debt Trader. Trade classification: *38.Administration Order made 6th* March 1992.
J.A. TALBOT (office holder no. 2731). Joint administrator.

ETCETERA ENTERPRISES LIMITED
Registered number: 1976505.
Nature of business: WHOLESALERS & IMPORTERS/EXPORTERS.
Trade classification: 15.
Date of appointment of administrative receiver: 18th MARCH 1992.
Name of person appointing the administrative receiver: MEGHRAJ BANK LTD.
Surjit Kumar Singla, Administrative Receiver (office holder no. 285) of 49 Queen Victoria Street, London, EC4N 4SA

BARLEC-RICHFIELD LIMITED
Registered number: 989463. Nature of business: Wholesalers of electrical components. Trade classification: 15. *Date* of appointment of administrative receivers: 28 February 1992. Name of person appointing the administrative receivers: The Bank of Scotland. N J Vooght & C J Hughes Joint Administrative Receivers (office holder nos 6339 and 2041) of Cork Gully, Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ

FULLAHEAD LEISURE LIMITED
Registered number: 1918830.
Trading name: THE PLEASUREDROME.
Nature of business: CLUB PROPRIETORS.
Trade classification: 48.
Date of appointment of administrative receivers: 11th MARCH 1992.
Name of person appointing the administrative receivers: *MIDLAND BANK PLC*
David A T Wood and Peter Scholey Dunn, Joint Administrative Receivers, (office holder nos 002982 and 002368) of Latham Crossley & Davis, Arkwright House, Parsonage Gardens, Manchester, M3 2LE.

RUPERTS CLUB LIMITED
Registered number: 1230979.
Nature of business: CLUB PROPRIETORS.
Trade classification: 48.
Date of appointment of administrative receivers: 11th *MARCH* 1992.
Name of person appointing the administrative receivers. MIDLAND BANK PLC
David A T Wood and Peter Scholey Dunn, Joint Administrative Receivers, (office holder nos 002982 and 002368) of Latham Crossley & Davis, Arkwright House, Parsonage Gardens, Manchester, M3 2LE.

PORT ST ASAPH LIMITED
Registered number: 1917127
Trading name: THE TALARDY PARK HOTEL.
Nature of business: HOTEL AND CLUB PROPRIETORS.
Trade classification: 47, 48, 49.
Date of appointment of administrative receivers. 11th MARCH 1992.
Name of person appointing the administrative receivers: MIDLAND BANK PLC.
David A T Wood and Peter Scholey Dunn, Joint Administrative Receivers, (office holder nos 002982 and 002368) of Latham Crossley & Davis, Arkwright House, Parsonage Gardens, Manchester, M3 2LE.

PORT FARNWORTH LIMITED
Registered number: 2367533.
Trading name: THE PLEASUREDROME
Nature of business: HOTEL AND CLUB PROPRIETORS
Trade classification: 48.
Date of appointment of administrative receivers: 11th MARCH 1992
Name of person appointing the administrative receivers MIDLAND BANK PLC.
David A T Wood and Peter Scholey Dunn, Joint Administrative Receivers, (office holder nos 002982 and 002368) of Latham Crossley & Davis, Arkwright House, Parsonage Gardens, Manchester, M3 2LE.

In the matter of the Insolvency Act 1986
BAKER AND SPENCER LIMITED
Registered number: 2132336, Nature of business, Motor Dealers, Trade classification 19, Date of appointment of joint administrative *receivers: 13 March 1992, Name of person* appointing the joint administrative receivers. National Westminster Bank Plc.
JOHN MARTIN IREDALE and NIGEL JOHN VOOGHT, Joint Administrative Receivers *(Office holder nos 2104 and 6339)*, Cork Gully, 9 Greyfriars Road, Reading, Berkshire RG1 1JG.

PERSONAL

PERSONAL

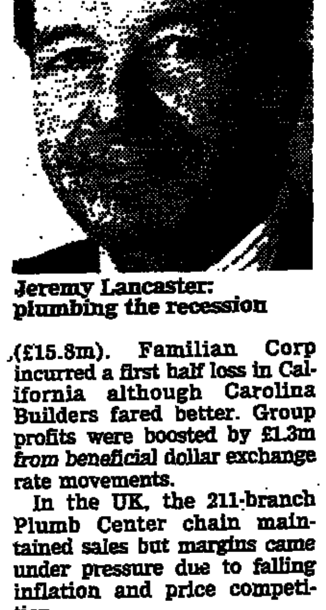
COMPANY NEWS: UK

Interest reduction helps Wolseley meet estimates

By Angus Foster

WOLSELEY, the heating and plumbing distributor which owns the Plumb Center chain, *yesterday announced an* 11 per cent profits decline due to recession in the UK and US.

Mr Jeremy Lancaster, chairman, said there were some signs of improvement on the US East Coast but conditions in California and the UK made predictions for the year "extremely difficult".



Jeremy Lancaster: plumbing the recession

The group reported pre-tax profits of £33.7m (£38m) for the six months to January 31. The figure was helped by interest savings of more than £2.5m, mainly due to lower inventory levels.

Although this helped reduce gearing to less than 20 per cent from 30 per cent, Mr Lancaster said low borrowings also showed the depth of the recession. *"I would rather have my* money in lavatories than in the bank," he said.

Turnover increased to £876.2m (£854.5m) but would have fallen slightly without exchange rate movements.

US sales improved to £478.8m (£426.4m) although operating profits dropped to £13.7m (£15.8m). Familian Corp incurred a first half loss in California although Carolina Builders fared better. Group profits were boosted by £1.3m *from beneficial* dollar exchange rate movements.

In the UK, the 211-branch Plumb Center chain maintained sales but margins came under pressure due to falling inflation and price competition.

Brossette, the leading French plumbing and heating distributor acquired in February, made no contribution.

The interim dividend is unchanged at 3.1p, payable from earnings of 9.86p (11.3p) per share.

● COMMENT

These results were as anticipated, *but only* after lower than expected interest payments. With no signs of recovery in the UK or California, previous forecasts of unchanged full year profits of about £80m now look optimistic, even accounting for a £5m second half contribution from Brossette. Furthermore, should UK sales recover, margins will *lag pending clearance* of stock bought before the slowdown in inflation. Nevertheless, Wolseley is a quality company which has coped well with recession before. Its dominance in the UK provides future stability, there is further scope for growth in the US once recovery beckons and France has interesting options in the *medium term. Forecast* full year profits of £77m to £78m put the shares on a p/e of more than 18 times. With recovery still over the horizon, they are expensive.

Invergordon exceeds forecast

By Philip Rawstorne

INVERGORDON Distillers, the Scotch whisky group, reported a 42 per cent increase in 1991 pre-tax profits, comfortably exceeding the forecast made during its successful resistance to the £350m bid by Whyte & Mackay, the UK drinks subsidiary of American Brands.

Profits rose from £22.7m to £32.2m. Earnings per share jumped to 16.8p (12.1p) and a proposed final dividend of 4p raises the total to 6.5p (5p).

The takeover battle, which left Whyte & Mackay with a 41.3 per cent stake, cost Invergordon £4.2m, taken as an extraordinary item.

Operating profits increased by 18 per cent, from £31m to £36.7m, on turnover ahead to £92.4m (£90.7m). Margins improved more than 5 percentage points to 39.7 per cent.

Mr Chris Greig, managing director, said there had been significant changes in the mix of business.

Exports rose 6 per cent by volume and 4 per cent in value. Bulk shipments of whisky declined 14 per cent but sales of higher margin bottled-in-Scotland brands showed a commensurate rise.

In the UK, where whisky volumes declined overall by 7 per cent, sales of the group's bottled own-label products increased by 14 per cent in volume and 24 per cent in value.

● COMMENT

The results justified the judgment of majority shareholders who stuck with the management. Maximum benefit has been extracted from a small rise in turnover amid difficult trading conditions through tight cost controls, increasing use of stocks of mature whiskies and continuing conversion of bulk to bottled sales. Recession even proved helpful, polarising the market between premium brands and Invergordon's own-label strength. *Trading has got off to* a satisfactory start this year and new opportunities will be opened by the white spirit distillery joint venture with Tate & Lyle. Forecast pre-tax profits of about £36.5m, put the group *on a prospective p/e of 14.3.* Altogether a great temptation for Whyte & Mackay to return with a more generous offer.

Epwin at £2.9m and makes cash call

EPWIN GROUP, the USM-quoted maker of uPVC windows and doors, sealed double glazed units and glass products, yesterday reported *annual profits ahead of expectations* at £2.91m.

The company also announced, that along with a 1-for-4 rights issue to fund expansion, it was to apply for its shares to be admitted to the official list.

Mr Jim Rawson, chairman and managing director, said the combination of a rights issue and a move to the main market should increase the marketability of the shares to a wider range of UK and European *institutions.*

He said that profits for the 12 months to end-December, although down by £600,000 from last year, were satisfactory considering difficult trading conditions.

The result came on turnover down from £47.8m to £40.3m. Earnings per share emerged at 12.8p (15.5p). The final dividend is increased to 4.5p for a total for the year up from 6.4p to 6.6p.

Mr Rawson said the rights *issue would* raise about £5.4m after expenses, which would be used to expand production facilities, improve efficiency and widen the customer base.

The rights issue is underwritten by County NatWest. Cazenove is broker to the issue.

Goal Petroleum net profits advance 16%

By Deborah Hargreaves

Goal Petroleum, the small *North Sea oil* exploration company, saw a 16 per cent rise in net profits to £6.6m last year compared with £5.69m in 1990.

Earnings per share amounted to 4.92p (4.24p) and Goal is proposing a 14 per cent dividend increase to 1.25p.

At the pre-tax level profits fell to £10.1m (£10.6m).

The company increased production over the year by 21 per cent to 11,460 barrels a day. Turnover improved from £41.7m to £44.8m.

"We have a very good mix of low-cost production and many of our fields don't pay tax which means the company is looking robust against the current low oil price," Mr David Boyd, managing director, said.

During 1991 the company improved its cash flow and paid down debt to reduce gearing from 39 per cent to 22 per cent.

Tay Homes declines 14%

By Roland Rudd

Tay Homes, the Leeds-based *housebuilder*, announced *a 14* per cent fall in pre-tax profits from £2.13m to £1.82m for the six months to December 31.

The number of homes sold increased by 17 per cent to 357, with turnover ahead at £25.5m (£24.1m).

Mr Trevor Spencer, chairman, said: "it remains to be seen whether this is the beginning of purchaser confidence returning".

The land bank has been increased by 250 plots to 4,250 plots to take advantage of the opportunities of buying at *competitive prices.*

Earnings per share fell to 5.5p (6.3p). The interim dividend is unchanged at 1.2p.

Acquisitions boost Brake Bros

By Angus Foster

BRAKE BROS, which supplies frozen food to caterers, has bucked the recession with increased profits and sales, helped by acquisitions.

Brake also outlined its strategy to move into chilled food distribution, an area it has so far avoided. Mr Malcolm Champion, finance director, said recent acquisitions gave the company a platform to move into chilled food distribution.

Pre-tax profits for 1991 rose to £15.4m (£14.9m) on turnover 14 per cent higher at £223m *(£195.4m). The turnover rise would have been 7.3* per cent without acquisitions.

Mr Champion said he was very pleased with the results, which were overshadowed by a depressed catering market and a fire at the company's cold storage facility in West Yorkshire. Losses were fully insured and the facility is due to be operational in the next few weeks. Nevertheless, delays associated with the fire *held back growth elsewhere, Mr Champion said.*

During the year, Brake spent £3.4m acquiring four businesses in London and the Midlands supplying fresh fish and chilled foods. Brake believes its distribution and purchasing experience can improve these businesses. They also provide an entry into the quality hotel and restaurant *sector, which usually avoids frozen* foods.

Since the end of the year, Brake has bought a small frozen food distributor in France and further acquisitions are being targeted in the UK and continental Europe. Net borrowings at the year end totalled £2m, for gearing of 5 per cent.

Earnings per share increased 9 *per cent* to 23.8p (21.8p). A recommended final dividend of 4.1p brings the total to 5.75p (5.25p), a 9.5 per cent increase.

Reduced new car sales take toll on Pendragon

By Angus Foster

PENDRAGON, the luxury and executive car dealer, yesterday announced a fall, from £5.07m to £4.73m, in pre-tax profits for the year to December 31 *reflecting reduced contributions* from new car sales and the contract hire business.

But Mr Trevor Finn, chief executive, said the company's used car sales and after-sales division performed well as customers delayed new purchases.

Following the 5 per cent reduction in new car tax announced in the budget, and with the uncertainty of the Monopolies and Mergers Commission report removed, Mr Finn anticipated an improvement in new car sales from August and said the *outlook* was promising.

Turnover fell to £168.3m (£174.4m). Operating profits were dragged lower by higher administrative expenses, reflecting increased costs managing franchises acquired *during* the year. Interest charges dropped to £830,000 (£2.18m), helped by the proceeds of last June's £11m rights issue.

The company held net cash of some £2.1m at the year end.

More shares in issue pushed earnings down to 12.1p (15.1p). However, the directors are recommending a final dividend of 4p to make a total of 6p, an 11 per cent increase.

The company added *a number* of Japanese franchises during the year and Mr Finn said this trend would continue.

Last August's purchase of Autohaus Kronberg, a large Jaguar dealer in Germany, has made *progress and* a second dealership is due to open next month.

New car sales for the UK motor industry fell to 1.6m last year from 2m in 1990. The Retail Motor Industry Federation *predicts* this figure will rise to 1.78m this year and will bring the industry slowly out of recession.

Mr Finn said although used car volumes were down, margins improved. This was *because* consumers delayed new purchases, leading to a shortage of low mileage used cars on the market.

Amber Day shows 29% improvement to £7.1m

By Maggie Urry

AMBER DAY, the discount retail group, increased pre-tax profits by *29 per cent* to £7.1m in the half year to February 1, helped by a £1.1m fall in the interest charge to £354,000 following last summer's £24.4m rights issue.

Earnings per share, however, rose a *more modest* 2.4 per cent to 3.81p. The shares fell 3p to 80p.

In December the group, which bought the What Everyone Wants chain in June 1990, sold its two menswear chains, which it had acquired in 1988 and 1989.

The menswear side incurred trading losses in the half year of *£591,000 (profit £454,000).*

A £4.5m loss on the sale of that business was charged below the line, as was a write-off of goodwill amounting to £8.1m which had previously been written off against *reserves*. Consequently there was a retained loss of £9.2m (profit £2.7m).

Group turnover was barely changed at £55.5m, though within that WEW increased sales by 7.3 per cent to £47.7m. Operating profits from WEW were up 18 per cent to £7.8m.

The interim dividend is raised from *0.9p to 1.1p.*

In the 1991 year the group reported pre-tax profits of £10.1m, earnings of 7.02p and a total dividend of 2.7p.

Strong second half lifts Worcester

Worcester Group, the central heating *specialist*, lifted pre-tax profits by 27 per cent, from £3.55m to £4.52m, in 1991.

The second half produced a particularly strong performance, with profits of £3.44m compared with £1.54m.

The result came in *spite of* interest charges up from £670,000 to £900,000 and included a loss of £480,000 (£960,000 profits) in the MCL construction subsidiary. Turnover rose by 48 per cent to *£65.2m (£44m).*

Sales of combi and oil-fired boilers at Worcester Heat Systems rose by 17 per cent and margins improved.

Radson, the Belgium-based subsidiary acquired in December 1990, *turned round into* profit during the year, and Grate Glow Fires, acquired in April 1990, also made a contribution.

With improved earnings per share of 10.4p (9.4p) the proposed final dividend *is stepped* up to 2.88p for a total of 4.21p (4.01p).

Colorgraphic falls £2.33m into the red

Colorgraphic, the printing group specialising in advertis*ing* and direct mail literature, was hard hit by the advertising recession with a fall from a pre-tax profit of £2.01m to losses of £2.33m for the year to December 31.

Although the cost savings made in 1991 limited losses at the operating level to £147,000 (£2.92m profit), the pre-tax figure was hit by *higher interest* charges of £1.07m and an exceptional £1.1m to cover reorganisation costs and a bad debt in the US.

Further annual cost savings of about £1m have been identified *for* the first half of 1992.

Turnover was down from £54.7m to £46.4m, with sales falling by about 10 per cent after adjusting for disposals. This fall was compounded by an average 3.5 per cent price reduction.

The group is proposing a nominal final dividend *of* 0.01p after passing *its interim* for the first time. Last year there was a total of 6.86p.

Losses per share came out at 12.45p (9.09p earnings).

Page 2: Labour's secretary in waiting; the drawbacks of tourism; farms; property

FINANCIAL TIMES SURVEY

NORTH WALES

Page 3: how television is rejuvenating the language; reconstruction in the towns

Wednesday March 25 1992

The recession in North Wales has intensified in recent months. But there are bright spots amid the gloom, such as the impending completion of the A55 coastal expressway which will strengthen the area's attractiveness to outside investors, writes **Anthony Moreton**

Depression bites deep

TWO months ago Austin Taylor Communications, a manufacturer of telecommunicaions equipment employing 145 people in Bethesda, Snowdonia, was rescued from almost certain closure when Communications Systems of the US bought the Welsh company.

The decline and rescue of Austin Taylor was a microcosm of the highs and lows which face the economy of north Wales. Like the rest of the UK, north Wales is now deeply depressed. Hotpoint and Brother are just two of several companies that have had to lay off workers. Hotpoint has also given its 1,500 employees at Llandudno Junction and Bodelwyddan paid holidays as it seeks to run down large stocks.

"The recession did not really arrive in north Wales until the end of last year," says Mr Huw Thomas, chief executive of Gwynedd county council, "but now it is here with a vengeance."

Mr Thomas's timing is probably an optimistic reading of events. Further east, in Clwyd, the recession arrived considerably earlier: in the past 18 months unemployment has jumped from 5.8 per cent to over 10 per cent. In Gwynedd it has also been rising steadily in the past 12 months: from January 1991 it went up by almost a quarter to 12,200.

Nevertheless, north Wales, as Austin Taylor has shown, can still boast success stories. The new American owners intend to use Austin Taylor not just as a base to supply the British market, but also as a point from which to attack the whole of Europe.

They will have fellow countrymen not far away. Euro DPC, the European arm of Diagnostic Products Corporation, of Los Angeles, is to move its British centre for the production of diagnostic kits from Witney, in Oxfordshire, to Llanberis, this summer, employing 80 at first but 300 eventually.

The importance of Austin Taylor and Euro DPC is that they have shown it is possible to trade in a largely rural area and also bring high-income employees to a part of the country which has traditionally been around the bottom of most pay leagues. A third of Euro DPC's employees are graduates on salaries not often seen in north Wales in concentrated numbers.

North Wales has over the past 20 years won a considerable share of foreign inward investment. Most of that, from companies like Brother, Shotton Paper, Continental Can, Kimberly-Clark, Sharp, Kelloggs and most recently the £140m Toyota engine plant, has gone to Clwyd. The rescue of Austin Taylor and the arrival of Euro DPC shows that inward investment is slowly being sucked further west.

The way in which industry is clearly looking further into Wales is welcomed by all the development authorities. Less welcome is the appreciable decline in the level of inquiries. "There is a distinct lack of confidence among potential incomers at the moment", says Mr Paul Roberts, head of economic development at Clwyd County Council.

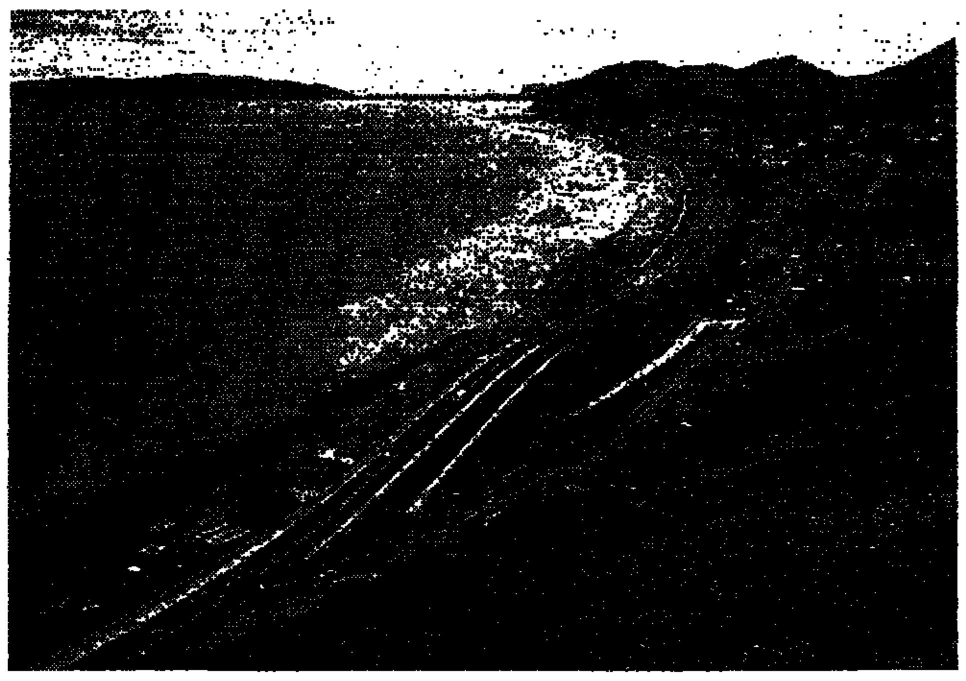
"There always seems to be another reason for decisions to be deferred. We are still getting inquiries but the number is a fraction of what it once was. And businesses are taking much longer to reach a decision."

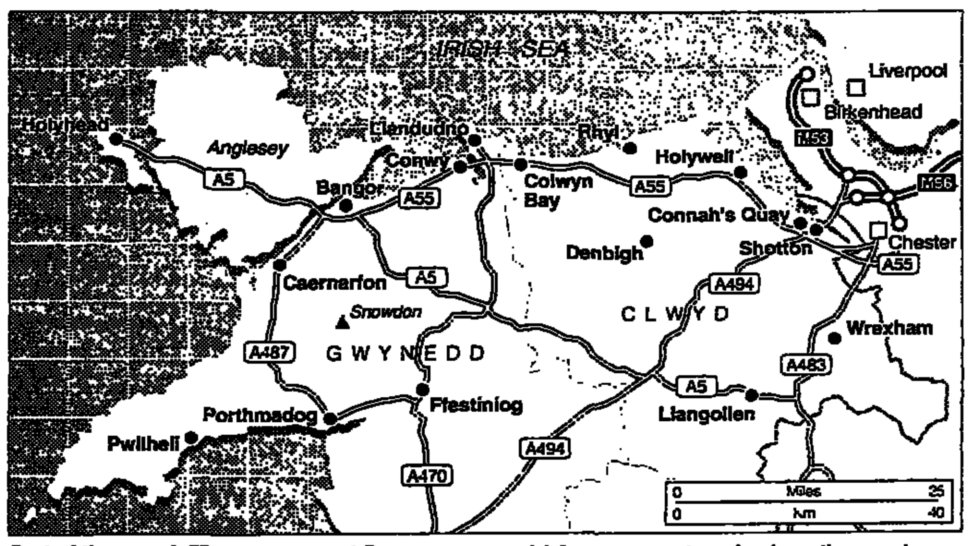
Like Gwynedd's Huw Thomas, he believes the serious investors will not return in strength until they can see an end to the recession. In the middle of a general election campaign they agree a further period of waiting is inevitable.

They, and almost everyone else concerned with the economic health of the region, are placing great faith in the ability of the A55 expressway across the top of north Wales to generate new opportunities.

The almost-completed dual-carriageway road links the English motorway system at Chester to the west of the region as far as Bangor. The government has already announced plans to extend dual carriageways across Anglesey to Holyhead, and the Welsh Development Agency, in conjunction with the local authorities and the port authorities, is helping to upgrade Holyhead to make it the main "gateway" to Britain for Irish trade.

There are tangible signs that the improved A55, which makes most parts of north Wales no further than an hour's drive from Manchester airport – an important consideration for companies like Euro DPC – has already started to attract investment.





Part of the new A 55 expressway at Penmaenmawr: driving ever westwards along the coast

A business park at Bangor, another to be built at St Asaph, motorway service stations, and hotels by Forte and Rank, are springing up along its length. With the opening of the Conwy tunnel by the Queen last October, a notorious bottleneck has been removed – an hour to negotiate the river and get around Henry III's magnificent castle was not uncommon at peak times – offering the prospect of more visitors.

Caernarfon, with its equally magnificent castle and history, is to be given a long-needed face-lift and other centres such as Porthmadog, Bettws-y-Coed, and even Harlech hope to benefit from a combination of more businesses and more visitors.

The main concern now, though, is to ensure that the ever-present conflict between needs of the environment and of the economy does not lead to the one destroying the other.

In Snowdonia, north Wales has one of the most magnificent areas of natural beauty in Britain, a home to walkers, climbers, lonely farms, peace and solitude. Enormous pressures already exist on Snowdon itself, the sort of pressures that are threatening to destroy the Lake District in Cumbria. Snowdon can barely handle more visitors without its very nature being eroded.

Tourism cannot simply be turned off, like a tap, however. It contributes far too much to the economy generally. But if more industry arrives as a result of the opening of the expressway there is a potential danger that the area will simply not be able to cope with the traffic, let alone the needs of the newcomers.

On top of these economic pressures this part of north Wales faces a further danger. It is the last real bastion of the Welsh language. Most people in Gwynedd not only speak Welsh but also use it as their everyday language; fewer do so in Clwyd but the number there is not inconsiderable. Monoglot incomers not only put pressure on housing, forcing prices far beyond what lowly-paid locals can afford, but threaten to undermine the culture not just of the area but also of the wider Wales.

These fears have led extremists among the nationalists to pursue a vendetta against incomers – and not solely English newcomers – by burning their holiday homes. Some 200 have been destroyed over the last two decades and the ability of the extremists to continue with acts of arson have been considerably aided by the inability of the police to bring charges against anyone.

Few Welshmen publicly defend the burnings. While they continue those concerned with the economic health of the area will have an even harder job convincing business of the attractions of the area.

The issue of jobs versus the environment is also surfacing further east between Prestatyn and Holywell where Hamilton Brothers Oil and Gas wants to build a gas-oil terminal next to the Point of Ayr colliery, the only one left in north Wales. National Power also has plans for a £1bn gas-fired power station.

The project, which is to go to public inquiry, would not generate a large number of jobs, perhaps 50 in the terminal and 50 in the power station, with another 200 in associated industries, but Clwyd's Mr Roberts says "it would help to bring in new industry to the area and give the economy a boost".

North Wales has been remarkably successful in attracting new industries, as the old staples of farming, steel, slate and tourism have taken heavy knocks. Medicare, optoelectronics, motor components, electronics and financial services have all found a home in Clwyd.

In Gwynedd telecommunications and television have grown strongly; Caernarfon and the surrounding area have become one of the most important centres in Britain outside London for television production, and the county is about to launch a drive to attract more production companies to use its unrivalled scenery for shooting film.

The area already has a strong arts base, with Oriel Eryri, an outstation of the National Museum of Wales, in Snowdonia, and Llangollen, home of the world-famous folk festival, in Clwyd. This is being complemented by new theatre building: one in Llandudno seating up to 1,500 that could act as north Wales's home for the equally world-famous Welsh National Opera Company and a permanent setting, incorporating a theatre and conference facilities, on the Llangollen site.

There remain gaps. "The most important is to upgrade skills," according to Ms Enid Rowlands, chief executive of Targed, the training and enterprise council in Gwynedd. "We have the people, we have the motivation, we have the initiative, but we must improve our skills."

That initiative is exemplified by Clwyd which last Saturday led a team of council officials and local businessmen to a technology-transfer conference in Brastislava, Czechoslovakia. "We have had a man in Russia several times in the past year," says Mr Roberts, "and now we want to see what we can do in Czechoslovakia. If inward investment is harder to get then perhaps we can get into some form of joint ventures in eastern Europe."

It's the sort of approach that does not admit of defeat.

PROFILE: shadow Welsh secretary Barry Jones

It's now or never

IN two weeks, Barry Jones could be sitting in Gwydyr House, with its views down London's Whitehall towards the cenotaph, as secretary of state for Wales.

If it were left to votes within Wales alone, the post would be his for the asking. His constituency, Alyn and Deeside, returns him to the House of Commons with a comfortable, though not by Welsh standards large majority, and at the last election Labour scooped most of the rest of the 38 Welsh seats.

But Mr Jones's future will not be decided in Wales alone. And as he canvasses his constituency and lends support as shadow spokesman on Wales to his colleagues around the rest of the country he must wonder whether the crown is going to slip once more from his grasp, possibly for the last time.

For nine years, ever since he was elected to the shadow cabinet, he has been Welsh secretary-in-waiting. He has watched Mr Nicholas Edwards, now Lord Crichowell, and two English implants, Mr Peter Walker and Mr David Hunt, sit in the office that is so near his grasp.

Indeed, for most of his 22 years in parliament he has sat on one or other of the two front benches. Within two years of reaching Westminster, as MP for the then East Flint, he became parliamentary private secretary to Denis Healey.

Two years on, in 1974, he was actually in Gwydyr House where he spent five years as parliamentary secretary to John Morris, Welsh secretary in the last Labour government. Although in opposition after 1979 he remained on the front-bench, first as an employment spokesman during the early years of the Thatcher government and then as senior Welsh spokesman, the disarray that blighted the Labour party has since kept the door to Gwydyr House, and the Welsh Office in Cardiff, firmly closed in his face.

He would be less than human if he did not think 13 years of waiting for the big prize, a seat around the long table in No 10 Downing Street, was enough. Mr Jones was born and brought up in Flintshire, where his father worked in the local steelworks before becoming a full-time agent in Bexley Heath. There he got to know an up-and-coming young man called Ted Heath. Mr Heath was to remember Jones senior years later when, as prime minister, Barry Jones led a deputation to No.10 Downing St and was courteously greeted by a man not noted for treating juniors with grace.

For Barry Jones the links with Clwyd have never been cut, and he continues to keep his main base in the constituency. He went to school in Hawarden, not far from Gladstone's home, and then on to college in Bangor, before returning to teaching near home. After one abortive attempt at getting to Westminster, across the border at Northwich in 1966, he succeeded former Welsh Office minister, Eirene White, in East Flint.

The apprenticeship to Mr Healey points to his political philosophy. He is a pragmatist, a doer rather than a thinker. "I see my role as managing change," he says. "We have to make society work properly and fairly." He is, in other words, like Healey, on the right of the Labour party.

He is as neat in his dress as in his politics, a slim man whose dark hair belies his 54 years. In 15 years he has seemed not to change at all and it is possible to believe he will not over the next 15 years.

The slim line may come from his addiction to walking. He and his wife Janet spend as much time as they can watching cricket during the summer at Eastbourne and walking along the South Downs. He finds the Downs softer, perhaps unconsciously more in keeping with his character, than the harsh outlines of Snowdonia in his native land.

Another clue to his character may lie in his affection for cricket, a game redolent of old-fashioned British virtues. As he sits over the fissiparous group that comprises the Welsh parliamentary party it is easier to see him as umpire than a mercurial Botham.

His willingness to compromise, to draw strands together, and to negotiate, has been construed as a weakness among those of his party who would rather fall at the barricades than abandon an ounce of principle. Mr Jones is dismissive of those who wear their hearts on their sleeves, believing it is better to get things done and improve the lot of a lot of people than to posture.

Labour has indicated it will not radically alter the economic approach to Wales being pursued by the Conservatives. It will continue to support the Welsh Development Agency, the Development Board for Rural Wales and the Wales Tourist Board. There will almost certainly be changes,

Barry Jones: nine year wait for the elusive crown

but probably a change of emphasis rather than direction.

The big difference between the parties lies in the larger matter of constitutional reform. Labour in Wales is being swept along on the tide of Scottish nationalism, especially that advocated by the Scottish Labour members. That demand for reform has infected many of Mr Jones's Welsh colleagues, some of whom want to go faster along the road to an assembly than he would prefer.

Labour has promised an assembly during its first parliament, though not necessarily at the same time as the Scots get theirs. To achieve that Mr Jones would have to work hard because little real thought has been given by the party to just what an assembly would mean or involve.

If Mr Jones passes through that door in Whitehall after election day and gets the question of an assembly right, however, he will in the fullness of time be able to look back on the 20th century and tell himself that his contribution to Wales was as great as that of any of his predecessors in Gwydyr House.

Anthony Moreton

Rural Wales is in steady decline, writes **Anthony Moreton**

Green, lovely and poor

FROM the restaurant at the Portmeirion hotel in the world-famous Italianate village created by Sir Clough Williams-Ellis, the world could not look a finer place. The gentle hills, the small cottages, the wide river estuary, and verdant farm land proclaim a prosperity that is all-too-clearly missing the closer one gets to actuality.

Rural north Wales, away from the tourist spots and the industrial areas of Clwyd, is green and beautiful and a repository of values that probably have gone for good in much of the rest of Britain. But it is also a part of the country in which wages are as low as emigration is high, and in which the prosperity that has lifted so much of the rest of Wales over the past 20-30 years has passed by.

In Clwyd, despite the large number of big companies which have relocated, paying good wages, four people in every 10 earn less than the Council of Europe's decency threshold, which was £163 a week in 1989. In that year, one worker in every five earned less than £120 a week.

It is not the area's remoteness from urban centres of wealth, nor is it the lack of good roads that might attract inward investment. The low wages have meant money cannot be ploughed back into enhancing investment. The area also suffers from a lack of job skills, especially in those sectors that are eminently suited to the countryside.

Above all, north Wales is suffering from a dangerous downturn in farming, one of its important occupations, and there is serious concern about the changes that might come out of Brussels following any review of the common agricultural policy. The hill farmers, many still hit by the consequences of Chernobyl, which has meant their produce cannot be marketed, face changes in their whole way of life.

To inject new economic vigour and hope into the area both the Welsh Development Agency and the Development Board for Rural Wales have been working in conjunction with the local authorities to strengthen the economic base. They have been assisted by the government which has put increased resources into a rural initiative.

Mr David Hunt, the Welsh secretary, sees the rural project as a vital part of the government's commitment to the economic life of Wales. He has made £25m available this year to develop a rural programme and has promised to boost that spending to £32.5m in the 12 months starting April 1. For Mr Hunt the rural initiative is what the valleys programme for industrial south Wales was for his predecessor, Mr Peter Walker.

"One of our main problems," says Mr Alun Daniel, executive director of the Welsh Development Agency, "is to bring prosperity to the small town and its surrounding areas the further west you go. It is much more difficult to interest potential investors in places such as Bethesda, Penygroes or Llanrwst in Gwynedd than in Denbigh, further east in Clwyd."

The WDA has drawn up a rural prosperity programme which has identified 11 action-plan areas. The strategy is to get local communities to take the initiative in spelling out their own needs and then suggest ways in which these might be realised.

Such plans depend for their success on leadership within the designated communities and the WDA has deliberately sought "drivers", or "entrepreneurs", as Mr Hunt would prefer to call them, who will take the lead in developing programmes.

If they are to be successful all the projects have to be bottom-up schemes, coming from the people affected, rather than imposed top-down from the agency. It is therefore necessary to find someone in each community who will be responsible for getting all those concerned together, drawing up a strategy, and suggesting ways in which problems might be overcome.

"The merit of this approach," Mr Daniel says, "is that it fits in squarely with European policy. Two years ago the European Commission produced a document, The Future of Rural Society, which talked about the need not just for co-ordination and integration of local plans, but for the communities to be involved in planning their own future.

"We have been working on this approach for the last five years, and both the European programme and the government initiative fit in with our philosophy and with what we have actually been doing."

Some progress has been made. Take Denbigh, a dozen miles south of the holiday centre of Rhyl. Four years ago the town was the subject of any number of independent studies concerning local matters such as the closure of its mental hospital and the future of tourism. These have now all been brought together in one action plan which has linked, for instance, traffic needs, the environment, and business opportunities.

An old building has been pulled down to make way for a road scheme that the local authority could not have afforded; the WDA has built advance factories and encouraged the private sector to put up more; a traffic management scheme has been introduced.

"If we can do that for Denbigh then there is no reason why we cannot also do it for places like Bethesda," Mr Daniel says. There is also need for income levels to be raised and Coed Cymru, set up by the farming unions and the Countryside Commission, and assisted by the WDA, is endeavouring to turn one of the area's natural products, timber, into a more profitable end-product.

Anthony Moreton finds attitudes to tourists are ambivalent

Money is not everything

EARLIER this month the actor, Anthony Hopkins, appealed to business for help to save Snowdonia. Without further aid, he said, the landscape would be "scarred beyond repair".

The National Trust already has a £2m appeal to reverse the damage done to one of Britain's most beautiful national parks. Farmland, hedgerows, dry stone walls and moorland have all been lost as a result of increasing economic and social pressures on the area.

The threat to Snowdonia, where some footpaths have become as popular and well-trodden as many main roads in Gwynedd, is likely to become even more acute as the improvements to the A55 expressway across the top of north Wales make it easier to get into the national park.

There is a very real danger now that visitors could endanger Snowdon itself, with the mountain going the way of so much of the Lake District in Cumbria, which is being slowly destroyed in the summer months by the sheer weight of visitors, their cars and their coaches.

The threat is not new. North Wales has for long been one of the major holidaymaking areas in Britain. Although up-to-date figures are difficult to obtain, it is thought tourism brought in around £430m in 1989-90, a figure that probably rose to around £500m last year, sustaining around 35,000 jobs.

Without the earning power generated by holidaymakers, north Wales would be immeasurably worse off. Farming is already under severe threat, small rural industries are disappearing, incoming industry is difficult to obtain and, in any case, barely replaces what has disappeared. Tourism is, therefore, important. What it must not do is destroy what it seeks to enhance.

Tourism is not, of course, a single entity. The holidaymakers who pour into the caravans and self-catering flats in Colwyn Bay, Rhyl, and Abergele probably do not venture in large numbers up the mountain.

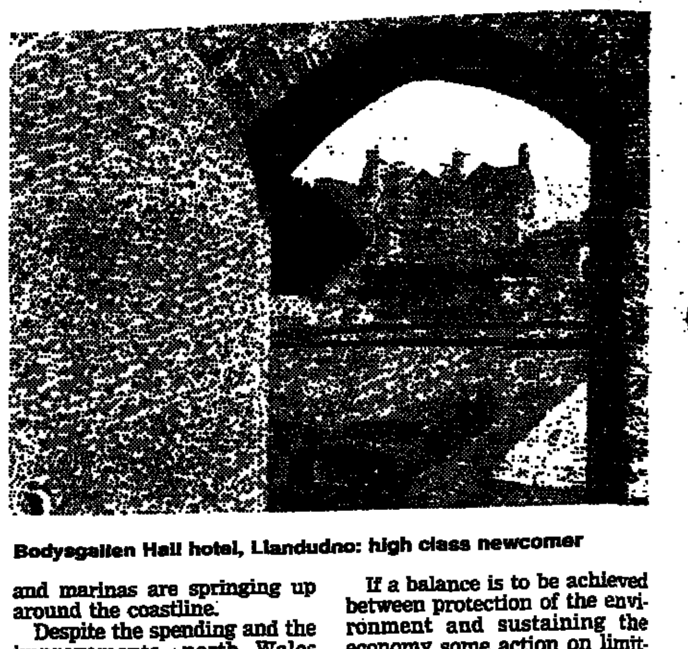
Probably two-thirds of the 15m-or-so day visitors who flood into Clwyd and Gwynedd do head for Snowdon, Bettws-y-Coed and its falls, the rock-climbing centres, Bodnant's gardens, the incomparable castles at Conwy, Caernarfon and Harlech, Lloyd-George's grave outside Criccieth and the sailing at Porthmadog, or Beaumaris on Anglesey.

Care needs to be taken, therefore, to ensure that too great a pressure is not put on any one centre at any one time. The Wales Tourist Board and the local tourist bodies are aware of the need to spread the load by lengthening the season and investing in specific attractions. But if they are to succeed, still more needs to be invested.

Progress has certainly been made. Rhyl, which for years slumbered and gently slid downhill, is seeking to reverse the decline. It now has an attractive all-weather Sun Centre and is building a large theatre next to it. A major investment in a sea-life centre will open this summer. Skytower was brought down from the Glasgow garden festival, and a Canadian company, Forrec, is undertaking an £8m scheme on the front.

Elsewhere, too, there are, or have been, important investments. Another theatre capable of seating at least 1,200 in the auditorium and able to stage the Welsh National Opera Company is nearing fruition in the gracious Edwardian town of Llandudno.

On Anglesey, the Sea Zoo has become a popular attraction. New hotels have opened, especially in the higher-income country-house sector. Butlins continues to invest at Pwllheli and marinas are springing up around the coastline.



Bodysgallen Hall hotel, Llandudno: high class newcomer

Despite the spending and the improvements, north Wales has suffered. Last year, early bookings were severely affected by the Gulf War, and although trade picked up well after mid-year, 1991 was probably no better than average. This year's outlook is for little change.

The need to get income on a rising trend in real terms is emphasised by Mr Dewi Davies, of the Wales Tourist Board. "Many people under-estimate how important tourism is to us," he says. "It probably accounts for between 8 and 10 per cent of our gross domestic product.

"That is at least the equal of, and probably rather higher than, that of Greece or Austria, long thought to be among the most important centres of tourism in Europe. In Austria tourism accounts for about 8 per cent of GDP and in Greece the figure is around 6 per cent. Tourism in north Wales is therefore just as vital to the economy as in these other countries."

If a balance is to be achieved between protection of the environment and sustaining the economy some action on limiting numbers in Snowdonia is almost certainly inevitable. But how? In a free society it is not possible to tell people they simply cannot go to an area on any particular day. There are plenty of questions but few answers.

Activity holidays and other niche developments need to be encouraged. To attract that section of the community that enjoys rising incomes and the desire to spend part of it on second holidays, more "gracious" country hotels are needed. Plenty have opened; more are needed.

Sailors, walkers, golfers, riders, those just wanting to laze away a couple of days, all bring valuable extra spending. They need to be encouraged because they frequent other than the honeypot centres.

The mass market, though, needs to be very carefully managed if it is not seriously to undermine the long-term viability and vitality of the economy of north Wales.

COMMERCIAL PROPERTY

In intensive care

IF IT were not for the local authorities and the Welsh Development Agency the property scene in north Wales would, with one exception, look sick. Developers have shied away from the area with the result that most new ideas came from the public sector.

The one exception has been the Redrow group, a fast-expanding UK-wide company, which has its headquarters on the St David's business park at Ewloe, which it built itself, and where it also opened a year ago the only four-star hotel in north Wales.

Redrow, with a £100m-plus turnover a year and building operations throughout the UK, has already attracted prime names to its business park. Barclays Bank, Allied Dunbar, Bank of Wales and Scottish Amicable have all moved to the site.

Now the company is expanding nearby at Northop Hall, putting up a European headquarters for Kimberly-Clark, the US paper concern, as part of a £40m development that will eventually include another hotel, a golf course and housing.

"We aim to attract other international companies to the site," says Mr Jeremy Williams, Redrow's commercial development director.

"The importance of this development," says Mr Glyn Pittendreigh, the WDA's property manager for north Wales, "is that it is in an end of the market we are hoping to develop strongly. The need is to go upmarket and provide space for slightly different users, the sort of people who have already arrived at St David's or our own development outside Bangor, Parc Menai."

The sort of user Mr Pittendreigh has in mind is Pearl Assurance or Targed, the north Wales training and enterprise council, which are both to be found on Parc Menai, a development at the point where the A55 expressway leaves the mainland and crosses to Anglesey.

Parc Menai, which is being undertaken in conjunction with Gwynedd County Council and Arfon borough council, is the agency's flagship at the moment.

A larger business park, covering 150 acres and being developed in conjunction with Clwyd County Council and Rhuddlan borough council, is planned for St.Asaph, however. A 50,000sq ft speculative building is being put in, and the authorities hope the first tenants will be looking at the site this time next year.

An even larger site, the Glyn Rhonwy research park, is being developed by Arfon council on a former slate quarry at Llanberis in the shadow of Snowdon.

One prestige tenant, Euro DPC, which makes medical diagnostic kits, has already been attracted from Witney in Oxfordshire, and phase one of its development is under way.

If Euro DPC meets its targets it could build up to a further eight phases on the site.

The other growth area is Wrexham, where the technology park is benefiting from its proximity to Chester, a town that has probably reached the limits of its ability to absorb newcomers, and Deeside. A number of service companies have found their way across the border into Wrexham and the town is aiming to meet demand not just from financial services companies but also to develop medical links.

Wrexham has one potential site of great importance in the former Brymbo steelworks. Steelmaking ended almost two years ago but its parent, United Engineering Steels, has still not made up its mind about what to do with the 400 acres site. About a quarter could be used for development.

Deeside, too, has made a successful start, with 90 factories providing work for 5,000 people on a 1,000-acre site and with Toyota's engine plant the flagship development.

An area such as north Wales must inevitably place considerable emphasis on small units and small estates to provide jobs in largely rural towns such as Denbigh, Porthmadog, Ruthin and Bethesda.

None of these will support large-scale investment: at Llangollen a three-storey mill has been refurbished as being suitable for offices and craft workshops, a small business park is about to be started at Porthmadog and a marina with associated small industries is being developed at Pwllheli. A private developer has put up nursery units at Ruthin.

The aim of the WDA is to involve as many outsiders in joint ventures as it can. This approach, highly successful in south Wales, can help overcome the low returns obtainable.

Private-sector developers are more noticeable by their absence, though one or two locally-based companies, such as Macbryde in Colwyn Bay and Watkin Jones & Sons in Bangor, have prospered supplying tailor-made developments for clients, and are now expanding outside their traditional areas. There has been little rental growth on small units, and with the private developer having to go for long leases it is left to the public sector to offer the shorter leases that sometimes attract companies thinking of relocating.

Parc Menai has been able to let at rates of around £10 a sq ft, but elsewhere about £4 is more normal for an office and between £3 and £4 for factories. "For a developer," says Mr Pittendreigh, "this is a good time to be in the market.

"Prices are low, and when the upturn in the economy comes there will be considerable interest in the area. It could not be a better time to get into property."

Anthony Moreton

NORTH WALES 3

All-Welsh television station spreads its wings

A rare survivor

THE biggest independent television production facility outside London is based not in one of Britain's main regional centres but in the small north Wales town of Caernarfon. Its working language is not English, the lingua franca of the media world, but Welsh.

Barcud was founded 10 years ago by a group of independent producers to provide programmes and facilities for the Welsh Fourth Channel, S4C, and has grown to employ 60 people, based in a modern factory unit equipped with the latest in television editing, studio and outside broadcast technology.

Apart from producing a range of light entertainment and other programmes, Barcud also makes its facilities available to other Welsh-based companies serving S4C, and to television companies elsewhere in the UK and abroad. CBS of the US, Yorkshire Television and Channel 10 Australia are numbered among its clients.

Barcud (pronounced ba'rr kheed) is the Welsh name of the rare Red Kite found only in mid-Wales. It is a symbol of the growing use of Welsh in business situations. Though spoken at the last published count by around 500,000 people, Welsh has suffered from the decline in industries, such as mining and quarrying in north and south Wales, in which it was once the language of work.

At Barcud the policy of using Welsh across all the company's range of activities flowed naturally from its work with Welsh-speaking clients.

"We have a belief that the language could and should be used in work situations, otherwise it cannot be considered as fully-functioning. We have always used it as the natural medium for communication internally, and with our Welsh customers," the company's chairman, Huw Jones, points out. Welsh-speaking staff have been recruited for technical jobs within the company and its audit is dealt with in Welsh by Welsh-speaking partners at the Swansea offices of Coopers & Lybrand Deloitte.

The emergence of companies such as Barcud is part of a significant change in attitudes towards the language over the past 25 years, brought about at least in part by the campaigning of activists, and especially the Welsh Language Society, who were reluctant to see one of Europe's oldest tongues die out.

A policy of bilingualism in road and other signs has been adopted, significant growth has occurred in the numbers of children being educated at primary and secondary school level through the medium of Welsh, a separate Welsh television channel (S4C) broadcasting about 30 hours a week of Welsh has been established, and Welsh has been given a place alongside other core subjects on the national curriculum in Wales.

All of this has raised the status of the language, making its speakers less reluctant to use Welsh in situations where perhaps they would have switched previously into English.

Yet, in spite of examples like Barcud, Welsh-speakers remain somewhat reluctant to move into business and are failing to make the most of the opportunities available to them. Among young Welsh speakers the broadcast media is still very often regarded as the career pinnacle.

Menter a Busnes, based in Aberystwyth and backed by a number of public and private sector bodies, aims to encourage Welsh-speakers to become more involved in business by encouraging them to invest money in ventures, start up on their own or simply enter the business world.

"We aim to get more Welsh speakers to the starting-point. Once they have reached this, a network of development agencies exists to offer support," its director Hywel Evans says.

The agency's activities so far have included television advertising, business awards, television and radio shows, business games, educational material for schools, careers guidance aimed at broadening the range of occupations which Welsh speakers enter, networking arrangements for Welsh-speaking businesses, and other forms of practical advice and assistance.

For those who take the plunge, more specific guidance and advice on how to attract funds is provided by a range of enterprise agencies, such as Antur Dwyryd (Venture Dwyryd) based in Penrhyndeudraeth, near Porthmadog in Gwynedd.

Antur Dwyryd has its origins in an inquiry set up by Nicholas Edwards, the then Welsh Secretary, to look into areas where entrepreneurial activity had become limited. In this part of south Gwynedd a flourishing slate-mining industry, with a range of ancillary businesses serving it, had largely petered out, and the proportion of people working in manufacturing had fallen to only 12 per cent, half the rate for Wales as a whole.

The agency has, according to its director, Dafydd Wyn Jones, seen a transformation in attitudes since it began work four years ago. With a current income of around £60,000-£70,000 a year derived from the private sector (mainly ICI which used to employ 800 people locally making quarry explosives) and from UK public sector and EC sources, it has embarked on a series of initiatives aiming at building entrepreneurial awareness.

Roadshows are taken to outlying towns and villages, a news sheet detailing local busines success stories is distributed to 10,000 households twice a year, and a total of 850-900 serious inquiries resulting in 90 new businesses have been dealt with. Roughly two thirds of inquiries have come from longstanding locals, and one third from the many newcomers who have settled in the area.

Yet, while new emphasis has been placed in recent years on stimulating indigenous growth, very many more jobs than are likely to be provided from this source will be needed if the employment aspirations of Welsh and non-Welsh speakers in the area are to be satisfied. Otherwise, the young and active members of the population will inevitably be forced to move away to find work, resulting in a further rundown of rural communities, which will be left to the retired.

The county remains very much in the market for inward investment, therefore, which far from damaging the language, as some believe, is essential to its salvation, according to Huw Thomas, Gwynedd's chief executive. "The future of the language is bound up with the prosperity of the region. Ours is a policy of expansion for Gwynedd not protectionism," he argues.

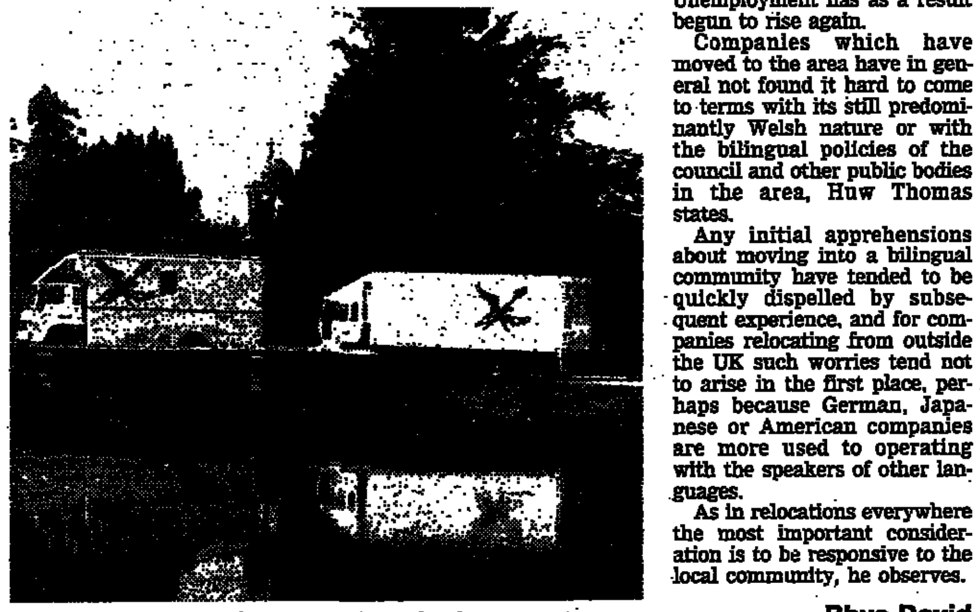
The urgency of winning new investment to supplement jobs won through stimulating local entrepreneurial activity has been emphasised by a downturn this year in the local economy. Gwynedd rode out the recession relatively well until the end of last year but has since been hit by a number of plant closures, as companies retrench nearer their markets. Unemployment has as a result begun to rise again.

Companies which have moved to the area have in general not found it hard to come to terms with its still predominantly Welsh nature or with the bilingual policies of the council and other public bodies in the area, Huw Thomas states.

Any initial apprehensions about moving into a bilingual community have tended to be quickly dispelled by subsequent experience, and for companies relocating from outside the UK such worries tend not to arise in the first place, perhaps because German, Japanese or American companies are more used to operating with the speakers of other languages.

As in relocations everywhere the most important consideration is to be responsive to the local community, he observes.

Rhys David



Barcud's outside broadcast vans: a growing force

Holyhead, Europe's gateway to Ireland: the port has long-term plans to become a destination in its own right and not just a thoroughfare

Rhys David checks the progress of urban regeneration across the area

Old towns in search of a future

THE Deeside towns of Queensferry, Shotton and Connah's Quay on the Welsh bank of the River Dee offer an illuminating cameo of 1980s industrial Britain.

The economy of the area – population 35,000 – was shattered in the early part of the decade when steelmaking at Shotton was shut down with the loss of 8,000 jobs, still the biggest ever plant closure in Britain.

In the mid-1980s boom years, new jobs were quickly found. The 600 acre Deeside Industrial Park, built on land adjoining the steelworks, now provides employment for some 5,000-6,000 people.

Once on the short list for Nissan's plant which eventually went to Sunderland, it has since won the Toyota engine works. Iceland Frozen Foods, one of the very few Welsh companies in the FT UK Top 500, started there in 1979, and one of the biggest employers, Shotton Paper, has now spent £250m on its plant.

Yet, having fallen back from 19 per cent at the start to only 4.5 per cent in the late 1980s, unemployment has since risen with recession, and is now again around 10 per cent and climbing in the local travel to work area.

The area has many assets which will enable it to bounce back as before. It has large quantities of high quality industrial land reclaimed from the Dee estuary, it is close to the population centres of north west England, and has excellent road, rail, air and port communications. In good times, it acts as a release valve for pressure within the nearby Chester economy, taking in businesses forced to leapfrog over the city's green belt.

Its town centres – Shotton, Connah's Quay, and, further inland, Buckley – also have severe weaknesses, however, as places to live or shop, as well as work, making it difficult for the area to capitalise on its natural advantages. Shotton and Connah's Quay straggle and merge together along the heavily congested A548, and present a depressing, poor quality urban environment which has seen little modern good quality investment. With one or two exceptions, multiple retailers have been reluctant to move in, and service industries are seriously under-represented.

A similar problem exists at Buckley, a former brickmaking centre, where the somewhat non-descript town centre is both congested and lacking in car parking. Most of the income earned in the area is as a result spent outside it, mainly in Chester.

Hopes that this situation can be changed rest with plans being set in motion in conjunction with the Welsh Development Agency, which was invited last year by the local council to advise the area on a comprehensive approach which could revitalise both the economy and the environment.

The WDA's answer, which has been successfully tried out in parts of south Wales, has been to borrow the joint venture approach from the private sector. "We are looking at a number of places in north Wales which share two characteristics. They are all economically stressed but they all have strong potential", Mr David Farnsworth, executive director, development projects, at the WDA points out.

In the rest of the 1990s, Mr Farnsworth points out, a policy based, as in the past, simply on seeking to attract new investment will not suffice. A quality dimension has to be added so that the lifestyle as well as the industrial benefits of relocating can be sold to potential investors. *This is what the WDA* hopes can be achieved on Deeside and in other locations in Wales, including, in the north, the towns of Rhyl and Holyhead, both of which are also seen as having both potential and problems.

The joint venture approach, which was brought by Mr Farnsworth to the WDA from property and leisure group, Ladbroke, where he previously worked, involves analysing with the local authority and other advisers the action needed to re-position the local economy so that it can take advantage of opportunities. Once these have been decided, other bodies, such as prominent local companies and professional firms, are invited to join, and an agreement is drawn up.

Each party is expected to make a contribution whether in terms of resources, land or expertise, and a professional team, usually headed for the first year at least by a WDA officer, is set up to oversee the plans.

Essentially, whatever is decided upon has to make sense to the private sector, as the aim of the exercise is to rekindle its interest in the opportunities which will become available. When the objectives set for the joint venture have been met, and the various parties have derived the benefits they were seeking, it will be disbanded.

On Deeside, following a series of meetings with the local authorities, outside partners are now being sought, and over a period of several years a total of roughly £15m will be committed by the agency, which, it is hoped, will attract an even greater response from the private sector.

Though concrete proposals remain to be worked out, the scheme will involve efforts to concentrate and upgrade retail activities and to attract other new commercial opportunities to the town centres, accompanied by a range of environmental initiatives.

Road schemes due to take place during the next few years around both Connah's Quay and Shotton, and near Buckley, will also play a major part, taking traffic away from the town centres. Larger scale shopping facilities are also planned, for the Alyn and Deeside district as a whole, inland at Broughton, where a private developer is proposing a 296,000 sq.ft. retail scheme, incorporating 41 shops, and parking for 2,400 vehicles.

Further along the coast in the seaside resort of Rhyl, the problems are those affecting most traditional British holiday towns, though the council made an early attempt to stave these off with the development of an all-weather wave pool complex, the Suncentre. In recognition that more needed to be done, however, a joint venture partnership was created last year bringing together the WDA, the Wales Tourist Board, the local authority and other interests. Its objective is to secure developments which will help to move the resort upmarket and thereby increase its income from visitors.

So far, investment has been mainly by the public sector in pedestrianisation and the provision of parking, and improved facilities for entertainment. Private sector investment is following, however, in the form of a £2.5m. scheme by Sealife Centres on the main promenade, and several proposed new retail developments, including a 50,000sq ft Sainsbury store, for which a planning application has been submitted.

Hotel accommodation, too, has been upgraded. Over the next financial year some £7m of public money will be spent in West Rhyl on environmental improvement schemes, and on upgrading housing, tourist and other public facilities.

It is probably in Holyhead, however, that the area's urban renewal problems are at their most complex.

Stuck out on the northwesternmost tip of Wales, its *raison d'être* is its position as the nearest point in the centre of Britain to Ireland. The decline in passenger numbers using the port as a result of cheaper airline fares, competition from other ports for car and ro-ro traffic, British Rail's withdrawal last year of its Railfreight operation, and the purchase of Sealink by Stena Line have all contributed, however, to a prolonged period of uncertainty in the town where unemployment currently stands at 18 per cent

The largest centre in Anglesey, but still with a population of only 15,000, Holyhead has a poor urban environment with bleak housing, a small and congested town centre, and undistinguished warehouses, bars and other port buildings lining the harbour road.

Yet, Holyhead, too, has its saving grace. While it may be Britain's backdoor, it is Ireland's front entrance, a fact of some significance as the EC single market next year approaches.

It not only offers the shortest sea crossing to the Republic, but connects directly with Dublin, in the region of which some 80 per cent of Ireland's population lives. As a result the future of Holyhead, and the facilities it can offer, are regarded as being of crucial importance by the Irish authorities and the EC.

Picture. Alan Harper

Shoppers in Wrexham: an area with many assets

This new interest in the port has coincided, too, with a significant change in transport technology. The market requirement is now for new much larger ferries, such as are being introduced on cross channel routes to France. Similar investment on the Irish Sea routes seems likely.

Thus, the various pieces in a new Holyhead jigsaw are starting to fall into place, which another joint venture set up last year by the WDA, has helped to arrange.

- Though detailed plans have not yet been made public, one proposal would see Sealink Stena creating new deep water berths to the east of its existing harbour facilities, and linking its existing operational area by a new causeway to Salt Island to the north. A cutting to the west would create a new access channel to the present shallow draught harbour, originally built in the middle of the last century for sailing vessels. This would then be made available for leisure and pleasure craft use. Total cost of the scheme is put at around £50-£55m, a substantial proportion of which the company would expect to receive from Government or EC sources.
- Independently, the Welsh Office is being pressed to bring forward the promised upgrading of the A5 through Anglesey to dual carriageway standard. Once completed this will connect with the already dualled A55, giving a high standard road through to the UK motorway network, shortening hauliers' travelling times to and from the port. British Rail is also being pressed to electrify the line from to Chester.
- Within the town the local authority, with Welsh Office and WDA help, is working on improvements to the housing stock and to the environment, including pedestrianisation of parts of the shopping centre. A new station complex has already been provided.
- Visitors staying on Anglesey and passing through to Ireland will also be encouraged to spend more time in the Holyhead area. The former Marine Yard complex which is no longer used for engineering is being considered as a possible site for a museum focusing on Holyhead's and Anglesey's maritime tradition.
- Most excitingly, however, if the proposed re-siting of ferry services does go ahead, traffic heading to and from Sealink Stena and B & I vessels could be diverted away from the harbour road, and the town could develop down the hillside towards a revitalised marina in the old harbour.

If all these plans come to fruition, Holyhead could in the not too distant future be attracting visitors for its own sake and not just because of its position astride the route from Britain to Ireland.

EC legislation planned on oil and gas licensing

By Andrew Hill in Brussels

THE EUROPEAN Commission is today set to approve draft legislation that would guarantee free and open competition between companies applying for oil and gas exploration and drilling licences in the European Community.

It is the first EC directive aimed directly at ensuring that oil producers enjoy the benefits of the single European market from January 1, 1993. Controversial measures to guarantee a free market in other energy sectors – electricity and gas – have already been approved by the commission.

Under the new directive, governments would be required to publish the criteria on which they grant licences to oil and gas companies and would be unable to discriminate against applicants – for example, on grounds of nationality.

According to EC officials, some member states allow only their national natural resources companies to drill for oil and gas. Others attach unacceptable conditions on price and the location of production plants, or insist applicants work with particular partners or supply specified customers.

The draft directive would not force national governments to accept the lowest bid for exploration and drilling contracts, and member states could continue to impose restrictions on the grounds of national security, or to prevent the depletion of natural resources. But they would have to eliminate other discriminatory conditions.

Britain, which controls licensing in much of the North Sea oil and gas fields, will back the broad thrust of the proposal, which it believes will help open up new EC markets to its oil and gas producers. "We already operate a transparent and non-discriminatory regime in the North Sea," said one British official yesterday.

Meanwhile, controversial proposals to build up Community oil stocks have been dropped from today's commission agenda. The plan – a brainchild of Mr Antonio Cardoso e Cunha, the EC energy commissioner – is still likely to come before the commission in the coming weeks and will incense many EC oil producers. They believe the industry is already sufficiently well-prepared to cope with an oil crisis without Brussels' interference.

US soyabean growers' patience runs out

Producers say they will wait no longer for EC action on subsidies, writes Nancy Dunne

"OUR NEIGHBOURS had a little dog that yapped all day until 8 o'clock at night," said Mr Ken Bader, a spokesman for the American Soybean Association. "It kinda annoyed us, but we didn't say anything. Then they got a Great Dane and the two dogs barked until 10 at night. When we complained they said, 'Why didn't you ever say anything before?' It's the same with the EC and its oilseeds regime."

The soyabean producers had waited until 1987 to go to the General Agreement Tariffs and Trade with their complaint against oilseeds, but the annoyances had been building up for years. In 1962, US negotiators had won them a zero binding (duty free status) on soyabeans in the Kennedy Round, and for years they had made full use of the advantage. In 1970s there was "a little spike" in the European Community's subsidies programme. In the early 1980s there was a "tremendous spike" and then the subsidisation began "in spades", said Mr Bader.

"They kept telling us, they'd keep importing American beans, and we kept waiting for things to get better." Ultimately, the sector's sales fell by an estimated $2.3bn a year.

US soyabean exports to the EC fell from 9.97m tonnes in 1987-88 to 5.42m tonnes in 1990-91. Soyabean meal sales went from 3.09m tones in 1986-87 to 160,000 in 1990-91.

In December 1987, the ASA filed a Section 301 Unfair Trade Petition in the Gatt, charging that the EC had "nullified and impaired" their duty-free commitment for soyabeans and soyabean meal by offering lucrative subsidies to growers and processors of EC oilseeds.

Two years later the Gatt dispute panel ruled the EC programme illegal. The ruling was formally adopted by the Gatt Council in January 1990, and EC authorities promised to implement the report starting with crops harvested in 1991. The EC failed to act until late last year, however, and, according to the US government, the new plan it proposed continued to violate previous trade agreements.

The original Gatt panel was reconvened to rule if the new EC oilseeds programme complied with the original panel finding. It ruled last week that it did not.

Now the soyabean producers say their patience is exhausted and they will no longer wait for the EC to take action. Although rapeseed has already been planted, they are insisting that a real reform programme be addressed to 1992 crops. There is still spring rape to be seeded as well as some sunflower seeds, Mr Bader said.

Either the US and the EC would reach an agreement before the next Gatt Council meeting on April 21 or the US would begin to draw up lists for sanctions.

However, said Mr Bader, the ASA wanted market access, not retaliation.

"The EC must realise that this issue is not going to go away," said Mr Gary Riedel, president of the ASA. "If the US cannot depend on trade agreements already in effect, what is the point of pursuing additional agreements? The integrity of existing and future trade agreements is on the line."

Brussels denies blame for American woes

THE US is losing market share for oilseeds in the European Community to low cost producers like Argentina and Brazil, and this has nothing to do with the new EC subsidy regime just rejected by a General Agreement on Tariffs and Trade panel, according to EC officials, writes David Gardner in Brussels.

Brussels has not yet formally reacted to last week's Gatt ruling, but officials privately dispute the premises of the panel's reasoning, and question the tactics of the American Soybean Association, the powerful lobby which induced the US administration to refile the complaint.

EC figures show that between 1985 and 1990, soyabean imports from the US fell from 7.5m tonnes to 6.3m tonnes, or from 58 per cent to 48 per cent of total imports. During the same period Brazil increased its market share for soyabeans in the EC from 28 to 31 per cent, and Argentina improved its share from 15 to 18 per cent. Total EC imports remained stable – 13m tonnes in 1985 and 13.2m tonnes in 1990 – but the players in the market changed.

Officials argue that US expectations have not been met in a market to which they have highly prized duty-free entry through a deal struck during Gatt's Kennedy Round in 1962. The US objective, they conclude, is to dismantle all oilseed subsidies in the EC, "but even if they did, it doesn't mean the US is going to pick up the EC market," one official remarked.

Though the EC produces significant quantities of rapeseed and sunflower seed, its output of more sensitive soyabeans is relatively modest – rising from 347,000 tonnes in 1985 to 1.96m tonnes in 1990, in part because of Spain's entry into the community in 1986.

Agriculture officials from member states also underline that the US irrevocably weakened its own position in the EC by slapping an embargo on its soya exports in the mid-70s during a domestic shortage. This created security of supply concerns in Europe and opened the gate to Latin American producers.

The EC had hoped to settle the long-standing row over soya – which along with wheat is at the heart of the transatlantic farm dispute. To comply with Gatt's 1990 ruling against its oilseeds regime, from June it proposes to end discrimination against non-EC producers, pay direct income support to farmers based on past yield rather than current production, and make this production more sensitive to market prices.

Brussels wanted an Ecu163 a tonne reference price, based on world market average of the past four years. It planned Ecu384 per hectare compensation for the cut, giving farmers an average Ecu768 per hectare based on average EC yield of 2.36 tonnes per hectare. Payments would alter once world prices fluctuated up or down by more than 8 per cent. Neither the US soya lobby, nor the Gatt, are impressed.

Aluminium jump 'reporting error'

FEARS ABOUT a sudden aluminium production surge were allayed yesterday. The International Primary Aluminium Institute admitted a reporting error had caused it to report last Friday that daily average output in February had jumped by 900 tonnes when, in fact, it was unchanged from the January level, writes By Kenneth Gooding, Mining Correspondent.

Aluminium for delivery in three months had fallen to $1,290 a tonne on the London Metal Exchange and seemed set to go lower before the IPAI statement. Then it recovered to $1,307.50, unchanged from Monday's close.

Mr Nick Moore, analyst at Ord Minnett, commented: "This shakes confidence in the IPAI. We will be wary until we know the full story".

● Hoogovens, the Netherlands metals group, said it was shelving a Fl 525m (£163m) plan to modernise and expand annual capacity at its Delfzijl smelter from 97,000 to 120,000 tonnes.

German backing for Portugal's reform plan

By Patrick Blum in Lisbon

GERMANY WILL support new Portuguese proposals aimed at breaking the impasse over reform of the European Community's Common Agricultural Policy, Mr Ignaz Kiechle, German agriculture minister said in Lisbon yesterday.

Portugal currently holds the six-month rotating EC presidency and Mr Kiechle held bilateral talks with Mr Arlindo Cunha, the Portuguese minister of agriculture, over ways of speeding up agricultural reform.

"We wanted to study and seek jointly [with Portugal] the possibility of common action at the European level. We want to do everything possible to complete agricultural reform rapidly. Without doubt, these talks represented progress. Our Portuguese partners have our full confidence and will have our full support at the European level," Mr Kiechle said.

The talks covered all the main aspects of agricultural reform put forward by the European Commission, and were designed to prepare for the next meeting of EC agriculture ministers at the end of this month. Many of the proposals have met opposition from member states, particularly those dealing with production controls for cereals and cattle, with the system of "set aside" whose opponents say discriminates against large farms, and over future prices for cereals, Mr Cunha said. Portugal as EC president had to try to find flexible and more acceptable alternatives "that did not prejudice production controls and the budget", he said.

The two ministers agreed that reform could not be achieved without taking into account the lives of the community's farmers. "We agree on the need for a policy with a human face," Mr Kiechle said.

World coal consumption forecast to grow

By Frances Williams in Geneva

WORLD COAL demand and trade will increase steadily over the next two decades, though by the turn of the century increased energy efficiency and measures to protect the environment will begin to brake growth. These forecasts are made by the United Nations' Economic Commission for Europe in a study just published on prospects for world coal trade to the year 2010. It also predicts sharp declines in coal production in Europe, more than offset by rising output in the US and elsewhere.

Global hard coal consumption is expected to increase on average by 1.3 per cent or 50m tonnes annually to the year 2000, but by under 1 per cent (30m tonnes) a year from 2000 to 2010. This represents a total increase of 800m tonnes between 1990 and 2010 to 4.3bn tonnes.

The ECE expects electric power generation – now accounting for 45 per cent of world coal demand – to grow in importance as other uses decline. Coal demand by industry, now a quarter of world consumption, is likely to suffer from stiff competition from more convenient and less polluting energy sources such as oil, natural gas and electricity. Steel, which accounts for 20 per cent of world coal demand, is also predicted to reduce consumption because of technological changes in steel-making and lower steel output. The household sector, now responsible for 10 per cent of world consumption, is expected to switch increasingly to electricity and central district heating.

The ECE says the eight major coal producing countries – Australia, China, India, Poland, South Africa, Russia, Ukraine and the US – will still be producing 85 per cent of the world's coal in 20 years time. European production is forecast to drop overall by 200m tonnes, with over half the reduction taking place in eastern Europe, including the former Soviet Union.

Falling European production and growing demand in other world regions will sustain satisfactory growth of some 3.6 per cent a year in world coal trade, at least until the year 2000, the ECE study says. Thereafter, import growth is expected to fall back to only 1.5 per cent annually, with total imports reaching 630m tonnes by 2010 against 390m tonnes in 1990.

Four-fifths of total coal exports will continue to come from the eight biggest producers, in spite of increasing supplies of new coal exporting countries.

By the year 2010, the combined coal export potential of China, Colombia, Indonesia and Venezuela might be 120m tonnes, the ECE predicts. However, Australia and the US between them will account for 60 per cent of world exports, with the US replacing Australia as the leading exporter before the end of the century. By 2010 coal exports from Europe – essentially Poland, Russia and Ukraine – may have dropped to below 5 per cent of the world total, the ECE says.

Western Europe's dependence on imported coal is expected to rise from 40 per cent in 1990 to 70 per cent in 2010, and that of eastern Europe from 10 to 25 per cent, the ECE says. Most of the import demand elsewhere will come from Asia, especially Japan and South Korea.

The study maintains that, despite ever more stringent environmental measures, coal will remain for many years the dominant source of electricity generation in the world and could once again become the leading source of primary energy.

World Coal Trade up to the Year 2010. UN Economic Commission for Europe, Energy Division, Palais des Nations CH 1211 Geneva 10, Switzerland.

US withdraws from sugar pact

By Nancy Dunne in Washington

THE US has withdrawn from membership of the International Sugar Organisation, a body it once "reformed" in accordance with free market principles as a "study group" with little influence over prices.

Launched in the 1960s to stabilise prices, the group has been reformed several times at the urging of the US. It is now described as "a forum for discussing trade and statistics".

However, US trade officials say this year's "deal breaker" was over the issue the contribution formulation. The US said it had to be made more transparent and based on the relationship between the members and the sugar market. The US was paying 9 per cent of the budget – about $160,000.

"The argument was that the poor countries should pay less," a US trade official said. "We said everyone should have a stake in it."

MINOR METALS PRICES

Prices from *Metal Bulletin* (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,650-1,720 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.40-3.00 (2.50-3.00).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.90-1.10 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 27.00-28.00 (28.50-29.50).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 115-125 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.15-2.20 (2.15-2.23).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 56-66 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.15-2.25 (2.15-2.30).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 8.00 (same).

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+6,800	to 1,160,775
Copper	−800	to 302,500
Lead	−375	to 133,100
Nickel	−78	to 24,990
Zinc	+1,200	to 216,500
Tin	+5	to 12,020

WORLD COMMODITIES PRICES

MARKET REPORT

NICKEL was under pressure on the LME, although the market closed off a 2½-month low of $7,320 a tonne for three-month metal. Dealers said the decline below $7,400 in the morning prompted technical and stop-loss selling, with short covering rallies soon losing steam. European end-user demand is light and fresh Russian metal is arriving in Europe, but 1992 tonnages are lagging behind last year's levels. Three-month **TIN** was quietly steadier at the close and looking to move above resistance around $5,670. Despite slack end-user interest the market remains underpinned by premiums for quality brands.

London **COCOA** prices moved higher, supported by a stronger dollar against sterling. Dealers, noting an absence of fresh fundamental news, said there was little expectation that much progress would be made at this week's ICCO talks in London. Some said the expectation of Ivory Coast sales was still hanging over the market, but others said concern had weakened. **GOLD** appeared to be finding support on the London bullion market in the $336 to $337 area from consumer buying, but is being capped on the upside by producer selling at about $340 a troy ounce.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.15-6.20z	+.425
Brent Blend (dated)	$17.55-7.65	+.025
Brent Blend (May)	$17.75-7.85	-.075
W.T.I. (1 pm est)	$19.15-9.20z	+0.05
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$196-198	-0.5
Gas Oil	$153-164	+1
Heavy Fuel Oil	$73-74	+1
Naphtha	$166-167	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$338.80	-0.2
Silver (per troy oz)♣	411.0c	-2
Platinum (per troy oz)	$349.65	-1.85
Palladium (per troy oz)	$84.15	-0.1
Copper (US Producer)	105.53	+0.09
Lead (US Producer)	37 c	
Tin (Kuala Lumpur market)	14.17r	-0.01
Tin (New York)	261.5	
Zinc (US Prime Western)	62 c	
Cattle (live weight)†	108.67p	+0.89*
Sheep (live weight)†♠	100.15p	-0.45*
Pigs (live weight)†	95.33p	+1.24*
London daily sugar (raw)	$210.5v	-3.5
London daily sugar (white)	$271.0v	-1.5
Tate and Lyle export price	£230.0	-3
Barley (English feed)	£109.5	-11.7
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	55.00p	
Rubber (May)♥	55.25p	
Rubber (KL RSS No 1 Mar)	217.0	
Coconut oil (Philippines)§	$635.0v	+5
Palm Oil (Malaysian)§	$402.5w	-5
Copra (Philippines)§	$420.0w	+10
Soyabeans (US)	£156.0q	
Cotton "A" index	55.50c	
Wooltops (64s Super)	444p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Apr/May y-Feb/Mar w-Apr z-May †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg ♠Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	186.40	185.00	184.80 183.80
Aug	187.60	186.40	187.80 186.00
Oct	188.60	188.20	188.00 187.66
White	**Close**	**Previous**	**High/Low**
May	267.70	267.40	268.00 266.50
Aug	269.30	267.80	267.60 266.50
Oct	261.00	259.50	259.00 258.70
Mar	264.00	262.50	262.00

Turnover: Raw 93 (259) lots of 50 tonnes. White 500 (2067).
Paris- White (FFr per tonne): May 1523.59 Aug 1543.01

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
May	17.85	17.80	17.87 17.75
Jun	17.95	17.88	17.95 17.85
Jul	17.91	17.91	17.91 17.83
Aug	17.83	17.76	17.87 17.81
Sep	17.88	17.79	17.88 17.82
Oct	17.85	17.78	17.85 17.82
Dec	17.80		17.83 17.81
Jan	17.78		17.82 17.80
IPE Index	17.75	17.93	

Turnover 7200 (10505)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Apr	160.75	160.75	162.25 160.75
May	162.25	161.75	163.50 162.25
Jun	163.75	163.25	164.75 162.75
Jul	165.50	165.25	166.50 165.25
Aug	167.50	167.00	167.75 167.00
Sep	169.25	168.75	170.00 169.00
Oct	171.25	171.00	172.00 171.00
Nov	173.25		174.00 172.75
Dec	174.50		175.50

Turnover 8775 (5395) lots of 100 tonnes

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar.24	Mar.23	mnth ago	yr ago
1615.7	1617.7	1596.4	1725.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.23	Mar.20	mnth ago	yr ago
Spot	117.88	117.89	116.72	123.74
Futures	121.90	122.18	121.32	127.97

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	690	684	691 686
Jul	716	711	718 715
Sep	741	736	743 739
Dec	775	770	777 774
Mar	807	804	809 806
Jul	847	843	849 845
Sep	866		869 865

Turnover: 2908 (1656) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.23 840.05 (840.98) 10 day average for Mar.24 829.45 (827.43)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Mar	865	880	871 858
May	874	886	890 873
Jul	885	887	892 880
Sep	896	899	901 893
Nov	907	913	915 910
Jan	935	928	928

Turnover: 2251 (4788) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.23 Comp. daily 58.32 (58.14) 15 day average 56.65 (56.48)
Sterling close March £506

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	113.0	112.3	113.1 112.0
May	127.3	125.7	127.5 126.3
Apr	128.0		128.0 127.5

Turnover 120 (104) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	127.00		127.00
Aug	129.00		129.00

Turnover 30 (30) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Mar	1213	1208	1213 1210
Apr	1265	1253	1269 1243
May	1250	1240	1260 1240
Jul	1120	1105	1120 1103
Oct	1258	1252	1260 1250
Jan	1274	1283	1285 1260
BFI	1212	1214	1212

Turnover 165 (281)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	125.65	126.75	126.30 125.65
Jun	127.30		127.90 127.20
Sep	113.25		113.30 113.25
Nov	116.45	116.75	116.60 116.40
Jan	120.20	120.55	120.45 120.20
Barley	**Close**	**Previous**	**High/Low**
May	116.70	116.40	116.70 116.40
Nov	113.00		113.00 112.95
Jan	116.50		116.50

Turnover: Wheat 496 (106), Barley 56 (41)
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	125.0	125.0	125.8 125.5
May	123.3	122.5	123.1 122.5
Jun	119.4	118.8	119.4 118.8
Jul	114.0	112.5	113.6 112.5
Aug	109.5		109.0 108.8

Turnover: 121 (161) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 16,939 lots
Cash	1279-80	1281-82		1274-75		
3 months	1306-09	1307-08	1307/1290	1301.5-02	1305-06	178,197 lots
Copper, Grade A (£ per tonne)						Total daily turnover 15,637 lots
Cash	1291.5-92.5	1287-88	1295/1287	1286-87		
3 months	1317.5-18	1314.5-15.5	1321/1314	1313-13.5	1318-20	110,222 lots
Lead (£ per tonne)						Total daily turnover 2,470 lots
Cash	305-5.5	306.5-7.0	305.5/305	304.5-5.0		
3 months	316-6.5	317-7.5	317/316	316-6.6	316-16.5	16,045 lots
Nickel ($ per tonne)						Total daily turnover 5,333 lots
Cash	7235-40	7345-55	7265/7263	7264-66		
3 months	7325-30	7430-35	7430/7320	7351-52	7340-50	23,304 lots
Tin ($ per tonne)						Total daily turnover 901 lots
Cash	5835-45	5820-25	5835/5830	5635-40		
3 months	5670-75	5655-60	5675/5660	5665-70	5670-75	5,765 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,732 lots
Cash	1218-20	1228-29	1224/1223.5	1223-3.5		
3 months	1232-33	1238-39	1236/1232	1233-34	1232-33	50,734 lots

LME Closing £/$ rate: SPOT: 1.7200 3 months: 1.6936 6 months: 1.6709 9 months: 1.6498

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	338.60-339.00	
Opening	337.80-338.10	
Morning fix	337.75	196.423
Afternoon fix	338.40	196.830
Day's high	339.00-339.30	
Day's low	337.40-337.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.61	6 months	3.86
2 months	3.61	12 months	3.87
3 months	3.61		

Silver fix	p/fine oz	US cts equiv
Spot	238.70	410.80
3 months	245.05	415.15
6 months	251.70	420.05
12 months	264.25	431.20

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	338.50-339.50	196.50-197.00
Maple leaf	349.50-350.50	203.00-203.50
New Sovereign	83.00-84.00	48.25-48.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	103	125	5	13
1300	34	59	35	45
1400	6	22	106	108
Copper (Grade A)	**Calls**		**Puts**	
2150	85	95	5	17
2250	21	38	40	58
2350	2	10	120	129
Coffee	**May**	**Jul**	**May**	**Jul**
800	75	25	1	10
850	33	60	9	25
900	9	34	35	49
Cocoa	**May**	**Jul**	**May**	**Jul**
675	25	55	10	14
700	12	40	22	24
725	6	27	41	36
Brent Crude	**May**	**Jun**	**May**	**Jun**
1800	20	50	41	58
1850	10	30		
1900	5	17		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	339.6	338.2	0	0
Apr	339.8	338.6	339.9	338.2
May	340.8	339.5	0	0
Jun	341.8	340.5	341.9	340.4
Aug	344.1	342.8	344.0	342.8
Oct	346.4	345.1	345.7	345.1
Dec	348.9	347.7	348.6	347.8
Feb	351.6	350.4	0	0
Apr	354.3	353.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	350.6	350.6	0	0
Apr	350.8	350.8	352.0	349.0
Jul	350.0	349.7	351.0	347.5
Oct	354.3	353.3	354.5	352.0
Jan	354.3	353.3	0	0
Apr	359.8	0	356.0	356.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	408.6	408.7	410.0	408.5
Apr	409.3	409.3	0	0
May	410.7	410.7	412.5	410.5
Jul	414.0	414.0	415.5	414.0
Sep	417.8	417.9	418.5	418.0
Dec	423.7	423.9	425.5	424.0
Jan	425.8	425.8	0	0
Mar	430.1	430.5	0	0
May	434.8	435.4	0	0
Jul	439.6	440.3	441.0	441.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	101.60	101.35	101.60	100.85
Apr	101.60	101.35	101.70	101.10
May	101.40	101.25	101.70	100.85
Jun	101.20	101.05	0	0
Jul	101.00	100.85	101.25	100.60
Aug	100.85	100.75	0	0
Sep	100.65	100.60	100.60	100.15
Oct	100.60	100.50	0	0
Nov	100.40	100.40	0	0
Dec	100.30	100.30	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.33	8.29	8.34	8.22
Jul	8.36	8.32	8.39	8.29
Oct	8.46	8.41	8.46	8.36
Mar	8.62	8.58	8.63	8.54
May	8.67	8.63	8.67	8.60
Jul	8.74	8.71	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
May	19.22	19.13	19.24	19.10
Jun	19.34	19.23	19.35	19.24
Jul	19.38	19.28	19.38	19.29
Aug	19.38	19.26	19.35	19.30
Sep	19.36	19.23	19.30	19.21
Oct	19.33	19.21	19.30	19.23
Nov	19.31	19.19	19.27	19.25
Dec	19.29	19.18	19.28	19.23
Jan	19.24	19.13	19.20	19.15
Feb	19.19	19.09	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Apr	5321	5354	5395	5275
May	5257	5279	5310	5220
Jun	5222	5224	5255	5200
Jul	5260	5251	5280	5235
Aug	5322	5321	5355	5320
Sep	5442	5441	5480	5455
Oct	5542	5541	5565	5545
Nov	5637	5636	5660	5650
Dec	5732	5731	5755	5755
Jan	5762	5761	5765	5760

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1076	1081	1088	1074
Jul	1115	1118	1124	1113
Sep	1152	1151	1156	1150
Dec	1192	1193	1195	1192
Mar	1234	1235	1239	1233
May	1260	1261	1266	1260
Jul	1289	1290	1292	1284
Sep	1319	1324	1319	1308
Dec	1352	1357	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	73.85	74.25	74.50	73.50
Jul	75.85	78.30	78.40	75.50
Sep	78.25	78.40	78.55	77.80
Dec	81.50	81.85	81.70	81.10
Mar	84.95	85.25	0	0
May	87.95	89.25	0	0
Jul	89.95	92.00	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	56.36	59.85	57.00	56.35
Jul	57.89	60.44	58.50	57.89
Oct	59.61	62.00	60.05	59.61
Dec	60.35	62.50	60.70	60.30
Mar	61.87	63.00	62.00	61.80
May	62.44	0	62.60	62.25

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	144.70	143.10	144.75	142.10
Jul	142.45	141.05	142.65	140.00
Sep	133.90	132.25	133.90	132.00
Nov	124.85	123.25	125.00	123.00
Jan	124.00	122.85	124.00	122.05
Mar	123.50	122.35	122.50	122.25
May	123.50	122.35	0	0
Jul	123.50	122.35	0	0

JUTE
C and F Dundee: BTC US$385, BTD US$360. C and F Antwerp: BTC US$370, BWC US$370, BTD US$350, BWD US$350.

COTTON
Spot and shipment sales for the week ending 20 March amounted to 66 tonnes against 22 tonnes in the previous week. Slow trading persisted with dealings in West African varieties.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	586/0	587/2	588/6	586/4
Jul	594/0	596/2	598/0	593/4
Aug	596/2	600/6	601/6	598/0
Sep	603/2	604/2	605/4	602/4
Nov	609/2	612/2	613/6	609/0
Jan	617/4	620/2	621/4	617/4
Mar	628/0	628/4	630/4	628/0
May	634/4	634/4	0	0
Jul	639/4	636/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	20.30	20.33	20.46	20.30
Sep	20.44	20.50	20.51	20.43
Oct	20.60	20.60	20.75	20.60
Dec	20.90	20.92	21.07	20.88
Jan	21.00	20.97	0	0
Mar	21.20	21.20	0	0
May	21.50	21.30	21.55	21.50

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	179.7	178.5	179.0	177.0
Aug	180.9	181.2	181.6	179.6
Sep	182.1	182.3	182.4	180.9
Oct	196.3	183.6	183.7	182.0
Dec	196.1	197.6	197.8	196.0
Jan	196.9	199.2	199.5	197.5
Mar	201.5	200.0	199.5	198.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	271/4	271/2	272/0	271/0
Jul	276/4	276/6	277/0	276/2
Sep	269/0	269/4	269/4	268/6
Dec	264/6	265/4	265/6	264/4
Mar	271/6	272/6	272/6	271/4
May	275/4	276/4	275/4	275/4
Jul	278/4	280/0	279/0	278/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	387/6	392/0	393/4	386/0
Jul.	370/6	371/0	374/0	368/6
Sep	374/4	375/0	377/4	373/4
Dec	383/2	382/6	385/4	381/2
Mar	385/0	384/4	386/4	383/4
May	373/0	375/0	375/0	373/0
Jul	351/2	348/0	351/4	349/0
Sep	356/0	355/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.750	77.100	77.775	77.300
Jun	73.950	73.475	74.150	73.625
Aug	69.650	69.175	69.750	69.250
Oct	69.650	69.300	69.675	69.300
Dec	69.825	69.525	69.900	69.700
Feb	69.350	69.000	69.600	69.325
Apr	70.425	70.100	70.500	70.300

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	40.725	40.800	40.925	40.600
Jun	46.175	46.275	46.550	46.100
Jul	46.100	46.050	46.375	46.000
Aug	44.700	44.675	44.900	44.625
Oct	41.700	41.600	41.750	41.550
Dec	44.600	44.550	44.900	44.550
Feb	45.950	45.750	45.950	45.800
Apr	43.500	43.150	43.500	43.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	37.200	36.900	37.250	36.800
May	37.975	38.225	38.450	37.900
Jul	38.675	38.775	38.975	38.550
Aug	37.125	36.875	37.550	37.050
Feb	48.650	48.850	0	48.100
Mar	47.750	47.900	48.000	47.750
May	50.000	50.000	0	0

LONDON STOCK EXCHANGE

Market rallies after new opinion poll

By Steve Thompson

LONDON'S equity market danced to the tune of the latest opinion poll and recaptured all and more of the ground lost on Monday, the FT-SE Index ending a session of sharply increased turnover 17.7 higher at 2,458.7.

Shrugging aside worries and press comment about the trade deficit, which again had little effect on sterling or gilts, share prices gave an immediate and positive response to a Harris poll published in the Daily Express which *confounded* most of the weekend political surveys.

Harris indicated a five-point lead for the Conservatives over Labour, reversing evidence from the weekend polls which gave a clear lead to Labour.

In the background to a broadly based upturn in market sentiment was a series of positive developments involving leading UK companies.

Among these were better than expected results from P & O, with figures from the shipping to building group accompanied by a reorganisation of its joint venture with Chelsfield.

The deal put an end to long-running nervousness among P & O shareholders about the property venture. Sentiment in the shipping group's shares was given a further fillip by news that Lord Sterling, P & O's chairman had spent around £1m in buying a block of 250,000 shares.

The market opened on a firm note, up some 14.8, buoyed by the overnight opinion poll indicating a Conservative lead over Labour. A bout of selling pressure, triggered by an opening discount on the Footsie future to the cash market, saw prices falter, before resuming their upward path over the lunch period.

The future remained at a discount to the underlying cash market for the rest of the session. At least two programme trades were operated during the morning period. The early afternoon saw another wave of local and overseas buying in the market, driving share prices further ahead and pushing the Footsie up to the days's highest level, 2,462.3, or 21.3 points up.

Thereafter, intermittent bouts of profit-taking and selling by marketmakers unwilling to hold large lines of stock on their books ahead of the next series of opinion polls took the edge off the market, which ended almost 4 points below its best level.

There were suggestions around the market towards the close that the latest polls would show the Tory lead in the Harris poll to have been no more than a blip.

Traders said one of the more encouraging features of the day had been up uptick in the level of turnover. The Seaq system revealed turnover of 491.0, well ahead of Monday's 370.6m.

Drug stocks were among the market's outstanding performers, with Glaxo and Wellcome prominent in the wake of keen support from US institutions. Laporte, the chemicals group, rose strongly after it announced it was buying the US group Rockwood in a deal financed by the placing of a large block of Laporte shares.

● Following the redesign of the FT, Monday's yield on the FT-SE 100 Index, normally carried in the markets panel on our front page, was omitted yesterday. The figure was 5.06.

Account Dealing Dates		
*First Dealings:		
Mar 9	Mar 23	Apr 6
Option Declarations:		
Mar 19	Apr 2	Apr 23
Last Dealings:		
Mar 20	Apr 3	Apr 24
Account Day:		
Mar 30	Apr 13	May 5

*New-time dealings may take place from 8.30 am two business days earlier.

Wellcome up ahead of results

PHARMACEUTICALS group Wellcome received a fillip ahead of tomorrow's interim results as a number of brokers turned positive on the stock. The shares rebounded from recent weakness to end 34 stronger at 978p.

Agency broker James Capel was advising clients to buy Wellcome after analyst Mr Robin Gilbert recommended the stock at the house's morning meeting. He said international prescription audit figures showed sales of Retrovir would be up by 30 per cent against the same six-month period last year.

Further support came from Hoare Govett, which moved its recommendation from hold to buy. Hoare's Mr James Culverwell believes the shares have underperformed too far against the sector since majority owner Wellcome Trust announced a planned share issue.

Security house County NatWest also reiterated Wellcome's strengths at its morning meeting. The range of analysts' forecasts is between £235m to £243m, against £181m in the same period last year.

Laporte placings

Chemicals group Laporte fell in early trading as the placing of old and new shares commenced, but recovered later when the whole 22.5m found a home. The stock closed a net 10 better at 567p.

Company broker BZW did the placing with large institutions at 533p per share in a package consisting of two old and one new. The shares were sold outside the market and turnover recorded on the Seaq electronic trading screens was only 1.1m.

The 15.1m old shares represented an 8.7 per cent stake in the company acquired from Solvay, of Belgium. This follows reorganisation of Interox, jointly owned by Laporte and Solvay, which previously had 25 per cent of Laporte.

The 7.6m new shares were issued to fund the $60m (£34.6m) acquisition of Rockwood, a private US chemicals company supplying the construction sector.

P & O pleases

Relief greeted P & O's maintained dividend and pre-tax profits, which were at the top end of analysts' expectations. The biggest sigh, however, was saved for the finalisation of the group's plans for its Pall Mall property venture with Chelsfield.

Worries over the declining value of Pall Mall's property portfolio has been undermining the stock in recent weeks. Yesterday, the shares jumped 32 to 416p in exceptional volume of 9.5m.

The deal with Chelsfield gives P & O control of Pall Mall, but takes group gearing from 45 to 70 per cent. Mr Clive Anderson at Smith New Court said the clarification of the Pall Mall situation cleared up a lot of the uncertainty surrounding P & O's financial and trading position. "This, together with the dividend, no warnings over future dividend payments, and better than expected profits, has given the market what it was looking for."

Mr Ian Wild at BZW was pleased with the group's service industry performance and its passenger volumes. He has raised his pre-tax profits forecast for 1992 by £30m to £310m. Smith is looking for £300m, a rise of £20m.

Steel weakness

British Steel came under renewed pressure as two more houses turned bearish on the stock. Large volume of 17m left the shares off 5 at 70p as worries over the group's final dividend continued to affect the market.

Mr Alasdair Stewart, at Nikko Securities, reiterated his sell stance as he took account of recent comments by British Steel about trading conditions, and the dividend reduction undertaken by Bridon, a steel rope manufacturer, which reported its finals yesterday and which dropped 14 to 75p.

James Capel downgraded British Steel. The broker is looking for losses of £80m to £100m this year and a final dividend of 4½p. The move comes after Monday's sell reiteration from Smith New Court.

Steetley deals

The bid battle for Steetley moved into the final straight. Two big blocks of Steetley shares were sold into the market, one a line of 3m shares and another of 5.5m. The deadline for acceptances is 1pm tomorrow.

Most analysts are predicting that Steetley will emerge as the winner. Its cash offer of 365p a share values Redland at £617m and would create a building materials group with £2bn of combined annual turnover.

In expectation of a Redland victory, Morgan Stanley has issued a buy note on the enlarged Redland group, analyst Mr Anthony Williams describing the group as "an outstanding force in international building materials". He expects Redland shares to reach 530p over 12 months. Yesterday Redland firmed 2 to 435p, while Steetley was steady at 366p in turnover of 10m.

Speculation that Lasmo would announce a big disposal with its final results today died away and the shares closed unmoved at 204p after being up 4 initially. The company is adopting new accounting procedures and the figures could well be worse than most expectations.

BP was 3 easier at 255p, with a seller of 3m shares at 255½p accounting for a large chunk of the 13m turnover.

Some oil issues generated interest after agency broker James Capel's technical analyst pointed out that they were reaching support levels. Enterprise was one of them and the shares gained 9 to 389p.

Glaxo forged ahead 32 to 814p on healthy turnover of 4.2m shares. Traders said Kleinwort Benson was aggressively on the bid ahead of a pharmaceuticals conference to be hosted by the house this week. Kleinwort divorced itself from the interest and cited continued US buying.

Wessex remained the recovery stock among water companies, shrugging off political worries and gaining 12 to 387p on hopes of profits from waste disposal. Waste Management International, its partner in this venture, is about to float its shares in London and New York.

Theme park operator Euro Disney tumbled 63 to 1590p after a downgrade by Goldman Sachs. BET received similar treatment from UBS Phillips & Drew and lost 2 to 129p.

A big agency cross in BPB Industries by Cazenove saw 8.6m shares dealt both ways at 155p. BPB was off 2 at 157p.

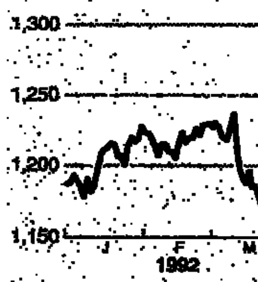
Publishers bounced back on opinion polls favourable to the Tories. Pearson advanced 15 to 785p and Reed International 12 to 511p.

Costs of a loss-making joint venture with Geest knocked 24 off Associated Fisheries to 118p.

MARKET REPORTERS: Steve Thompson, Peter John, Christopher Price, Colin Millham.

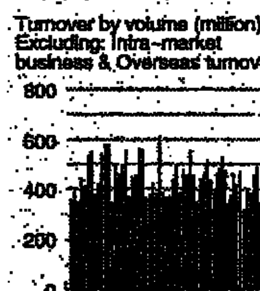
■ Other market statistics, Page 21.

FT-A All-Share Index



Equity Share Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Source: Datastream

FINANCIAL TIMES STOCK INDICES

	Mar 24	Mar 23	Mar 20	Mar 19	Mar 18	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.02	85.94	86.08	86.10	86.20	84.57	86.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.15	99.11	99.20	99.42	99.49†	94.04	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1926.2	1910.8	1916.5	1923.1	1925.8	1943.2	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	121.8	123.4	123.4	122.1	121.3	141.1	222.8 (11/7/91)	116.0 (17/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2458.7	2441.0	2456.6	2467.6	2464.7	2437.6	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1157.61	1151.61	1162.99	1163.58	1165.83	1121.76	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
● Ord. Div. Yield	4.67	4.64	4.70	4.69	4.64	4.98				
● Earning Yld %(full)	6.63	6.62	6.64	6.63	6.60	9.02				
● P/E Ratio(Net)(☆)	19.17	19.02	19.08	19.10	19.19	13.67				
SEAQ Bargns 5.00pm	27,980	26,630	33,120	29,478	29,610	40,662				
Equity Turnover(£m)†	-	754.8	1048.0	1003.1	867.2	1003.68				
Equity Bargains†	-	31,380	37,291	34,795	33,429	41,187				
Shares Traded (ml)†	-	345.5	494.2	459.6	385.8	455.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Base 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.13

Ordinary Share Index, Hourly changes — Day's High 1930.9 — Day's Low 1919.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1926.2	1923.9	1922.7	1926.3	1925.6	1926.8	1927.3	1929.4	1925.9

FT-SE 100, Hourly changes — Day's High 2462.3 — Day's Low 2445.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2455.8	2451.0	2449.4	2451.3	2453.7	2454.9	2456.0	2460.8	2457.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1159.14 — Day's Low 1152.31

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1152.48	1153.41	1154.05	1156.23	1155.57	1157.02	1157.89

GILT EDGED ACTIVITY

Indices*	Mar 23	Mar 20
Gilt Edged Bargains	116.6	74.8
5-Day average	92.5	87.6

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ACT	486	515	+15	Comm Union	648	431	+7	Lucas	2,400	125	+1	Shell Transport	3,800	442	
ASDA Group	3,100	33	-½	Cookson	2,400	118	+6	MB Caradon	371	242	-2	Siebe	839	615	+10
Abbey National	601	277	+3	Courtaulds	1,100	542	-2	MEPC	508	317	+6	Slough Ests	263	168	+4
Albert Fisher	[illegible]	67	-1	Dalgety	318	291		Manweb	48	290	+3	Smith (W H) A	2,000	424	+8
Allied-Lyons	884	638	+2	De La Rue	315	598	+7	Marks & Spencer	3,600	307	+6	Smith & Nephew	1,200	147½	+½
Amstrad	1,700	31	-2	Dixons	853	219	+5	Midland Bank	4,200	343	+6	SmKl Beecham	1,200	857	+2
Anglian Water	962	522	+6	ECC Group	704	492	+8	Midlands Elect.	188	244	+5	SmKl Beecham Uts	184	3908	-20
Argos	2,500	256	+3	Eastern Elect	364	228	+5	NFC	238	231		Smiths Inds	1,500	274	-1
Argyll Group	1,000	318		East Midland Elect	578	233	+7	NatWest Bank	2,800	292	-3	Southern Elect.	898	244	+5
Arjo Wiggins	913	234	+8	Enterprise Oil	1,000	389	+9	National Power	2,300	192	+2	South Wales Elect.	37	368	+5
Ass Brit Foods	298	414		Eurotunnel Units	622	422	+2	Next	3,500	68½	+2	South West Water	47	334	+3
Ass Brit Ports	673	339	+8	FKI	1,000	58		[illegible]				[illegible]			
[illegible]				[illegible]				[illegible]				[illegible]			
British Gas	4,200	243	+2	IMI	1,600	232	-1	Reuters	538	1138	+10	United Biscuits	698	396	+4
British Land	320	187	-2	ICI	1,000	1228	-3	Rolls Royce	8,700	154		Utd Newspapers	301	361	+7
BP	13,000	255	-3	Inchcape	843	428	+7	Rothmans	221	1036	+4	Vodafone	1,800	340	
British Steel	23,000	70	-5	Kingfisher	2,000	480	+14	Ryl Bk Scotland	839	173	+1	Warburg (SG)	204	497	-8
British Telecom	2,400	318	+1½	Kwik Save	805	536	-8	Royal Insurance	857	178	+4	Wellcome	1,900	978	+34
Br Telecom New	5,100	103½	+2	Ladbroke	3,300	222	+3	Saatchi	8,000	16¾		Welsh Water	389	361	+2
Bunzl	2,900	66	+2	Land Securities	820	400	+6	Sainsbury	768	381		Wessex Water	623	387	+12
Burmah Castrol	260	484		Laporte	1,100	567	+10	Scottish & New	2,100	448	+4	Whitbread 'A'	836	400	
Burton	5,400	40	+1	Legal & General	2,000	352	+2	Scot. Hydro-Elect	1,900	96½	+½	Williams Hldgs.	561	307	+1
Cable & Wire	2,500	532	+1	Lloyds Abbey	355	356	-3	Scottish Power	1,700	95½	+½	Willis Corroon	1,300	233	-4
Cadbury Schweppes	1,000	438	+1	Lloyds Bank	3,000	389		Sears	5,100	99	+3	Wimpey	1,900	141	
Calor Group	289	159	-1	LASMO	2,300	204		Sedgwick	835	201	-3	Wolseley	388	407	-1
Carlton Comms.	775	540	-6	London Elect.	518	259	+6	Seeboard	127	283	+11	Yorkshire Elect.	614	300	+3
Coats Viyella	1,500	184	+5	Lonrho	5,100	107	+6	Severn Trent Water	459	321	+3	Yorkshire Water	59	353	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

LIVELY trading in a tight range saw the futures market slightly down yesterday, as UK election worries continued to undermine confidence, writes Christopher Price.

While the March FT-SE contract opened at 2,450, trading was initially unsettled by technical problems still being experienced by the market following Monday's merging of the LIFFE and LTOM.

An opinion poll showing the Conservative party ahead yesterday was largely discounted by futures traders, and March was sold down – mainly by County NatWest – to 2,438 in early trading. Aggressive buying by one trader then helped it to rally, and by mid-day it had reached 2,456.

The contract drifted off in quiet afternoon trading and March was at one stage at a discount of seven points to the cash market. It rallied later, but weakness was noted in after-hours trading as opinion poll worries returned. March closed at 2,455, 11 higher than the previous session and at a 2-point discount to the cash market. Volume was a dull 6,390.

In the traded options market, volume was 30,507 contracts. The Euro-FTSE was the most heavily traded at 2,839, followed by British Steel and Hillsdown.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Tuesday March 24 1992

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Mon Mar 23 Index No.	Fri Mar 20 Index No.	Thu Mar 19 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (178)	[illegible]									
2	Building Materials (23)	[illegible]									
3	Contracting, Construction (28)	[illegible]									
4	Electricals (7)	[illegible]									
5	Electronics (26)	[illegible]									
6	Engineering-Aerospace (6)	[illegible]									
7	Engineering-General (43)	[illegible]									
8	Metals and Metal Forming (10)	[illegible]									
9	Motors (14)	[illegible]									
10	Other Industrial Materials (19)	[illegible]									
21	CONSUMER GROUP (187)	[illegible]									
22	Brewers and Distillers (29)	[illegible]									
25	Food Manufacturing (16)	[illegible]									
26	Food Retailing (18)	[illegible]									
27	Health and Household (24)	[illegible]									
29	Hotels and Leisure (21)	[illegible]									
30	Media (24)	[illegible]									
31	Packaging, Paper & Printing (17)	[illegible]									
34	Stores (32)	[illegible]									
35	Textiles (10)	[illegible]									
40	OTHER GROUPS (117)	[illegible]									
41	Business Services (16)	[illegible]									
42	Chemicals (22)	[illegible]									
43	Conglomerates (11)	[illegible]									
44	Transport (14)	[illegible]									
45	Electricity (16)	[illegible]									
46	Telephone Networks (4)	[illegible]									
47	Water (10)	[illegible]									
48	Miscellaneous (24)	[illegible]									
49	INDUSTRIAL GROUP (482)	[illegible]									
51	Oil & Gas (18)	[illegible]									
59	500 SHARE INDEX (500)	[illegible]									
61	FINANCIAL GROUP (86)	[illegible]									
62	Banks (9)	[illegible]									
65	Insurance (Life) (6)	[illegible]									
66	Insurance (Composite) (7)	[illegible]									
67	Insurance (Brokers) (10)	[illegible]									
68	Merchant Banks (7)	430.84	-0.9	-	4.81	-	4.25	434.69	437.49	440.67	426.30
69	Property (33)	668.10	+0.7	8.61	6.80	15.90	1.32	663.29	677.57	681.60	1024.16
70	Other Financial (14)	234.05	-0.4	8.53	7.46	15.40	2.13	234.89	236.15	235.80	290.64
71	Investment Trusts (68)	1161.27	....	-	3.82	-	10.34	1161.30	1169.47	1169.35	1177.79
99	ALL-SHARE INDEX (654)	1180.40	+0.6	-	5.05	-	11.03	1173.47	1181.44	1186.78	1185.32

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 23	Mar 20	Mar 19	Mar 18	Mar 17	Year ago
FT-SE 100 SHARE INDEX♦	2458.7	+17.7	2462.3	2445.3	2441.0	2456.6	2467.6	2464.7	2491.2	2437.6

FIXED INTEREST

	PRICE INDICES	Tue Mar 24	Day's change %	Mon Mar 23	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	121.16	+0.03	121.13	2.32	2.36
2	5-15 years (25)	132.95	+0.20	132.68	1.63	4.01
3	Over 15 years (9)	142.42	+0.29	142.01	1.75	2.78
4	Irredeemables (6)	157.68	+0.05	157.60	3.11	1.50
5	All stocks (67)	131.70	+0.15	131.50	1.94	3.33
	Index-Linked					
6	Up to 5 years (2)	170.02	+0.04	169.95	0.39	1.37
7	Over 5 years (9)	145.20	+0.05	145.12	0.66	1.20
8	All stocks (11)	147.49	+0.05	147.41	0.62	1.21
9	Debs & Loans (62)	115.82	+0.30	115.47	2.25	2.72

	AVERAGE GROSS REDEMPTION YIELDS		Tue Mar 24	Mon Mar 23	Year ago (approx.)
	British Government				
1	Low	5 years	9.12	9.18	9.41
2	Coupons	15 years	9.54	9.57	9.73
3	(0%-7¾%)	20 years	9.54	9.57	9.91
4	Medium	5 years	9.95	9.97	10.31
5	Coupons	15 years	9.64	9.67	10.14
6	(8%-10¾%)	20 years	9.59	9.62	10.07
7	High	5 years	10.18	10.20	10.45
8	Coupons	15 years	9.78	9.81	10.32
9	(11%-)	20 years	9.70	9.73	10.23
10	Irredeemables	†	9.77	9.78	10.11
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.75	3.76	3.69
12	Inflation rate 5%	Over 5 yrs.	4.53	4.54	4.19
13	Inflation rate 10%	Up to 5 yrs.	3.04	3.04	2.83
14	Inflation rate 10%	Over 5 yrs.	4.34	4.35	4.00
15	Debs &	5 years	11.21	11.22	11.86
16	Loans	15 years	10.90	10.93	11.63
17		25 years	10.72	10.76	11.43

♦Opening Index 2455.8; 9 am 2451.0; 10 am 2449.4; 11 am 2451.3; Noon 2453.7; 1 pm 2454.9; 2 pm 2456.0; 2.30 pm 2459.2; 3 pm 2460.8; 4.10 pm 2457.5; (a) 2.47pm (b) 9.40am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (17).
BRITISH FUNDS (1) Tr. 3pc 1992, AMERICANS (3) BankAmerica, Dun & Bradstreet, Whirlpool, BREWERS & DISTILLERS (1) Hall (J), BUILDING MATERIALS (1) Worcester, ELECTRONICS (1) Hewlett-Packard, ENGINEERING GENERAL (2) Siebe, TI, FOOD RETAILING (1) Iceland Frozen, HEALTH & HOUSEHOLD (1) Huntleigh Tech., INVESTMENT TRUSTS (4) Malaysia Cap Select, Murray Split Cap. Zero Prf., Schroder Korea Fund, Spanish Smlr. Wrrnts., MISCELLANEOUS (1) Bluebird Toys, MOTORS (1) Volvo.
NEW LOWS (84).
CANADIANS (1) Gulf Canada, BANKS (6) Mitsubishi, Sanwa, Tokai, Toyo T & B, Yasuda T & Y, BREWERS & DISTILLERS (1) Macallan-Glenlivet, BUILDING MATERIALS (1) SWP, BUSINESS SERVICES (2) Brooks Service, REA, CHEMICALS (1) Sutcliffe Speakman, CONGLOMERATES (3) Sale Tilney, Trafalgar House, Do. A, CONTRACTING & CONSTRUCTION (2) Campbell & Armstrong, Cussins, ELECTRICALS (1) Fujitsu, ELECTRONICS (1) Hartland Simon, ENGINEERING GENERAL (3) Bridon, Ransomes, Do. 8.25p Prf., FOOD MANUFACTURING (1) Carr's Milling, FOOD RETAILING (1) Low (Wm), HOTELS & LEISURE (1) Allied Leis., INSURANCE BROKERS (2) Heath (CE), PWS, INSURANCE COMPOSITE (2) Baltica, Hafnia, INVESTMENT TRUSTS (10) Drayton Blue Chip, Drayton Recovery, English Natl. Deld., Gartmore Emrg. Pacific Wrrnts., Greyfriars, M & G 2nd Cap., Murray Split Cap. Units, New Throg. Wrrnts., Scottish Natl Inc., Sphere Inc., MEDIA (2) Colorgraphic, Thames TV, MERCHANT BANKS (2) Brown Shipley, Kleinwort Benson, MISCELLANEOUS (1) Gestetner, MOTORS (1) TLS Range, OIL & GAS (2) Brabant Res., Ramco Oil, OTHER FINANCIAL (1) Cambridge, PROPERTY (12) Bredero Props., British Land, Brit. Land [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
8pc 1992	98½ xd	—	99¼	95½	8.02	–
10½pc Cv 1992	99½	—	100½	98½	10.50	10.47
3pc 1992	98⅞	+⅛	98⅞	91⅛	3.03	8.12
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999	98⅝	+⅛	101⅝	92½	9.63	9.78
Exch 12¼pc 1999	110¾ xd	+⅛	114⅛	105½	11.05	10.04
Treas 10½pc 1999	102½	+⅛	106½	97⅛	10.22	9.93
Conversion 10¼pc 1999	101½	+⅛	104⅞	95½	10.07	9.91
9pc 2000	96	+⅛	99⅛	89⅝	9.38	9.73
Treas 13pc 2000	118⅛	+⅛	119½	110½	11.19	10.08
[illegible]						

BRITISH FUNDS - Cont.

Index-Linked	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
	(b)						
Treas. 2pc '94	(102.9)	124½	+⅛	124½	115⅛	2.42	3.67
2pc '96	(67.9)	180⅞	+⅛	181½	168½	3.17	3.79
2½pc '01	(78.3)	144¾	+⅛	147⅞	137⅛	4.04	4.37
2½pc '03	(78.8)	139⅝	+⅛	142½	133	4.17	4.45
[illegible]							

OTHER FIXED INTEREST

[illegible]

The People column has moved to Page 14.

0300	16.94	17.04	17.04
0330	16.88	17.04	17.04
0400	16.85	17.02	17.02
0430	16.84	17.02	17.02
0500	16.78	17.02	17.02
0530	16.80	17.05	17.05
0600	16.80	17.05	17.05
0630	16.85	17.05	17.05
0700	16.95	17.09	17.09
0730	18.68	17.59	18.76
0800	18.76	17.60	18.78
0830	22.23	17.72	18.90
0900	23.36	18.44	19.64
0930	25.39	18.48	19.69
1000	25.43	18.49	19.70
1030	25.42	18.49	19.70
1100	25.39	18.49	19.70
1130	25.46	20.07	21.34
1200	25.46	20.07	21.34
1230	25.37	20.07	21.34
1300	25.20	18.48	19.69
1330	23.20	18.48	19.68
1400	23.16	18.48	19.68
1430	21.31	17.94	19.13
1500	21.30	18.44	19.64
1530	21.30	17.39	17.39
1600	13.45	18.48	19.88
1630	21.64	17.94	19.13
1700	21.60	18.49	19.69
1730	23.47	18.90	20.13
1800	23.47	29.56	31.10
1830	25.24	29.88	31.50
1900	25.64	29.92	31.41
1930	25.75	20.22	21.47
2000	25.56	20.18	21.41
2030	25.14	18.82	20.01
2100	21.64	17.72	18.89
2130	21.25	17.60	18.77
2200	19.43	17.09	17.09
2230	18.54	17.05	17.05
2300	18.91	17.05	17.05
2330	16.79	17.03	17.03
2400	16.80	17.03	17.03

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		35[illegible]xd	+[illegible]	38[illegible]	20⅞	15,070	1.9
♥Allegheny & W		305p	-8	385p	218p	158.9	5.5
Amcast		1802p	-24	1159p	667p	1,112	0.6
Amer Cyanamid		38[illegible]	-⅛	42⅛	25[illegible]	3,892	2.3
Amer Express		12[illegible]xd	-[illegible]	17⅜	9[illegible]	8,086	4.4
Amer T & T		23⅜xd	-⅛	24½	15¼	30,858	3.1
Ameritech		34	-¼	38⅞	32½	14,886	5.6
BankAmerica		26⅜xd	+⅛	26⅝	12[illegible]	5,788	2.8
Bankers NY		33[illegible]xd	-¼	38[illegible]	20[illegible]	2,732	8.2
Bell Atlantic		24½	+½	30½	24	9,636	5.8
BellSouth		25¼	-¼	31¼	25	12,489	6.0
♥Bethlehem Steel		8⅞xd	-⅛	11¼	6[illegible]	678.5	-
Bowater		1539pxd	+32	1809p	1042p	592.8	4.4
CPC		51xd	-⅛	54[illegible]	37[illegible]	3,865	2.6
California Engy		723p	-13	930p	420p	131.6	-
Campbell Soup	h	20⅞	-½	25	14⅛	5,247	1.9
Chase Manhattan		14¼xd	-[illegible]	14[illegible]	5[illegible]	1,937	4.7
Chrysler		10⅞xd	-⅛	10⅝	5⅛	3,032	3.3
Citicorp		9[illegible]xd	-⅛	10⅛	4⅝	3,413	-
Colgate-Palm		27[illegible]xd	-⅜	28[illegible]	21[illegible]	4,053	2.1
Cont'l Bank		973p	-24	997p	438p	983.2	3.5
Dana		22[illegible]xd	-[illegible]	22½	13⅝	922.3	4.0
Data General		610p	-9	1262p	203p	188.3	-
Dial		22[illegible]xd	-[illegible]	24½	7⅞	808.9	2.8
Dun & Brad		33½	+½	33½	20¼	5,978	3.8
Exxon		45½	-	45½	24¼	1,548	2.7
Echlin		10[illegible]xd	-[illegible]	11	5½	596.8	3.7
FPL		19⅜xd	-[illegible]	20⅛	14[illegible]	3,284	7.0
Fluor		23[illegible]xd	+[illegible]	30[illegible]	17[illegible]	1,831	0.9
Ford Motor		23¼xd	-[illegible]	23[illegible]	13	11,006	2.4
Gen Elect		45[illegible]xd	-[illegible]	46[illegible]	28[illegible]	39,375	2.6
♥General Host		302p	-	588p	270p	-	4.0
Gillette		27¼xd	-⅛	45¼	20⅞	6,067	1.3
Hasbro	h	16[illegible]	-[illegible]	18	5⅛	1,292	0.5
Honeywell		42[illegible]xd	-[illegible]	43	21¼	2,988	2.2
Houston Inds		24½	-	24½	17⅞	3,158	6.8
IBM		50[illegible]xd	-⅜	72[illegible]	46	28,642	5.4
Ingersoll-Rand		37⅝xd	-[illegible]	38[illegible]	18[illegible]	1,950	2.0
Lockheed		26¼	-	26⅛	16⅛	1,661	4.3
Loews		2323p	-35	2478p	1245p	845.9	1.4
Merrill Lynch		33[illegible]xd	-	38[illegible]	10[illegible]	3,483	1.7
Morgan (JP)		33[illegible]xd	-[illegible]	38¼	21[illegible]	6,386	3.6
Morris (Philip)		44⅝xd	-½	45[illegible]	25[illegible]	41,314	2.5
NYNEX		41⅞	+⅛	46¼	39	8,493	6.2
♥Pac Agric		42p	-	89p	15p	-	-
Pall		15⅞	-	17[illegible]	10[illegible]	1,348	1.3
Pennzoil		25⅝xd	-	46⅛	25⅝	1,035	8.6
Quaker Oats		33[illegible]xd	-⅝	40[illegible]	24⅞	2,585	2.9
Rockwell		14⅝xd	-[illegible]	17⅜	12⅛	3,366	3.5
Rep NY		23⅞	-[illegible]	27[illegible]	16½	2,242	2.4
Sears, Roebuck		27⅛xd	-½	28	12[illegible]	9,333	4.2
Sthwestern Bell		34	-¼	35⅞	25⅝	10,194	4.7
Sun Co		16[illegible]xd	+[illegible]	20¼	14⅛	1,743	6.3
Tenneco		22⅝xd	-¼	27⅛	14⅞	2,770	4.0
Texaco		33¼xd	-⅛	40½	29[illegible]	8,594	5.4
Time Warner		60[illegible]xd	-[illegible]	64½	37⅞	5,692	0.9
♥Unilab		460p	-	587p	250p	427.3	-
Utd Tech		31⅝xd	-	31½	22⅞	3,816	3.2
♥Unitech		120p	-	120p	42p	-	-
‡URS Intl Inc		0½p	-	1¼p	0⅛p	1.59	-
US West		18⅞	-	23	18¼	8,119	5.9
Varity		762p	-	1410p	578p	190.2	-
Waste Manage		24[illegible]xd	-[illegible]	28	16⅝	11,434	1.0
Whirlpool		2701pxd	+1	2707p	1053p	1,877	2.3
♥Woolworth		17[illegible]	-[illegible]	28[illegible]	12¼	2,339	3.4

CANADIANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy		2p	-	11p	1¼p	-	-
Amer Barrick		1485p	-	1642p	953p	2,028	0.3
Bk Montreal		20½	-½	23¼	13	2,463	5.6
Bk Nova Scot		981p	-57	1176p	536p	1,972	4.8
♥BC Gas		841p	+3	870p	639p	-	3.9
BCE		22⅞	+⅛	24½	17¼	7,080	6.8
♥Brascan		878p	-7	1058p	647p	724.1	6.4
♥Breakwater		23p	+½	38p	6p	14.6	23.5
[illegible]							

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
■Scot National Inc.	89½	-½	116	89½	13.2	–	–
■ Cap	23	—	88	22½	–	45	-410.6
Stepped Pf	129¼	—	130½	113	8.5	–	–
Zero Div Pf	170½	+1	172½	141	–	–	–
Warrants	6½	—	18	6	–	–	–
Scot Value	57½	—	58	46¾	2.9	57.2	.04
Sec Alliance	1106	+1	1255	882	4.8	1349.9	13.8
Second Market	238	—	246	199	0.8	278.1	15.1
■Sec Tst Scot	65½	+½	76	57½	6.2	72.1	9.2
Select Assets	99	—	102	71	1.2	136.8	27.6
Eq Ind Ser I	113	+1	121	89	6.1	–	–
Eq Ind Ser II	113	+1	121	89	6.1	–	–
Shires	223	-1	290	191	-11.7	220.7	8.0
11pc Cv Ln '03/04	£99½	-1	£120½	£97½	11.1	–	–
Siam Select	89	—	99	78	1.5	106.4	16.5
Warrants	16	—	31	17	–	–	–
■Smaller Cos	71	—	93	60	4.7	81.3	12.6
Warrants	18	—	25	8	–	–	–
■Sphere Inc	15½	+½	33	14¾	99.8	23.9	37.7
Zero Div Pf	67¾	—	69¾	58¾	–	–	–
Warrants	0¾	—	9½	0¾	–	–	–
Stratton	152	-3	169	120	1.9	188.4	18.8
Summit	40	—	119	38	4.2	108.0	63.0
■TR City of Lon	104	—	121¼	90	6.2	108.8	4.4
■TR Euro Growth	85	—	104	78	1.6	99.7	14.8
Ptg Sub	51	—	58	40	2.6	–	–
■TR Far East Inc	88½	—	94	56	6.3	101.6	12.9
Warrants	13	—	23	12	–	–	–
TR High Inc	92	—	116	85	8.8	95.1	3.3
Sub	29	—	36	24	8.9	–	–
■TR Pacific	88	—	92	49	0.4	99.1	11.2
■TR Prop	23	—	37	23	8.4	32.8	29.5
■TR Smaller	129	—	166	98	3.8	146.8	12.1
■TR Technology	31	—	52	20	4.8	123.1	74.8
Stepped Pf	94¼	—	94¾	70½	7.8	–	–

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¶¶ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Pbl yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

London Share Prices

Real time share prices are available by calling FT Cityline.

FT Cityline can also provide you with a confidential personal portfolio facility to give you a real time evaluation of your own personal investments.
For a free FT Cityline Share and Unit Trust Directory or to obtain your confidential Portfolio PIN call the FT Cityline Help desk on (071) 925 2128.
Calls charged at 36p per minute cheap rate and 48p per minute at all other times.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH.
Tel: 071 – 379 – 0444.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	300.6	300.6	320.5	-3.3	0.70
(Accum Units) ♥	5	353.8	353.8	377.2	-3.9	0.70
British	5	770.0	780.5xd	825.8	+0.7	6.20
(Accum Units)	5	1291.5	1308.9	1384.9	+1.2	6.20
European	5	338.5	338.5	359.4	-1.7	1.90
(Accum Units)	5	366.9	366.9	389.6	-1.8	1.39
Japan	5	98.80	98.80	105.2	-1.4	-
(Accum Units)	5	99.59	99.59	106.0	-1.5	-
New Pacific	5	199.9	199.9	213.4	-1.0	2.60
(Accum Units)	5	205.3	205.3	219.2	-1.0	2.60
PEP Mar 20	5	145.3	147.1	155.5	....	3.93
Mngd Equity	5	123.3	124.6	131.8	-0.1	2.84
Mngd Equity Acc	5	130.8	132.2	139.8	-0.1	2.84
Mngd Cash	0	97.04	97.04	97.04	....	10.25
(Accum Units)	0	119.7	119.7	119.7	....	10.25
Majority Stg	1	101.00	101.00	102.01	+0.02	9.98
Majority Stg Acc	1	109.99	109.99	111.09	+0.02	9.98
Stonebond Intl Inv Mngrs Ltd (1200)F						
Admin. 5 Rayleigh Rd, Hutton, Brentwood, Essex. Enquiries. 0277 227300 Dealing: 0277 261010						
International Mar 19	0	51.10	51.10	51.56	....	3.18
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	583.8	591.1	632.2	+3.7	3.28
North America	6	87.93	87.93	94.04	-1.02	0.31
Far East	6	87.30	87.30	93.40	-0.80	0.84
W'wide Bond	6	48.69	48.69	51.80	-0.29	6.35
European	6	68.14	68.14	72.88	-0.37	1.65
Equity Income	6	63.49	63.49	67.90	+0.33	6.15
Portfolio	6	57.81	57.81	61.83	-0.15	2.54
Broker Trusts						
Worldwide Growth	6	47.00	47.00	50.00	....	2.23
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 525725						
American Growth	6	27.85	27.85	29.77	-0.08	0.66
Managed Assets	6	98.42	99.00	105.89	-0.36	3.81
UK Income	6	29.45	29.82	31.90	-0.16	5.03
UK Growth	6	29.84	30.16	32.26	-0.12	3.78
Worldwide Growth	6	23.90	23.90	25.57	-0.19	1.02
Sun Life Trust Mngmt Ltd (1200)H						
101, Cannon St, London EC4N 5AD						

	Bid Price	Offer Price	+ or -	Yield Gross
M & G Securities Ltd				
Charifund Mar 23	101.99		....	10.57
(Accum Units)	617.69		....	10.57
NAACIF Mar 17	40.00		....	9.7
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity Mar 24	124.3	134.0	-1.6	2.02
UK Small Co Mar 24	506.3	556.5	-10.60	3.60
Fixed Interest Mar 24	110.7	116.4	+0.1	8.60
US Small Co Mar 24	184.3	197.1	+2.6	0.00
Managed Mar 24	106.6	114.3	-0.4	3.48
Intl Bond Mar 24	121.3	128.0	....	10.02
Japan Mar 24	62.41	66.55	+1.3	4.41
European Mar 24	92.10	98.53	+0.4	1.72
Nth American Mar 24	125.4	135.0	+3.3	1.18
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Mar 25	57.08	59.37	+0.27	1.76
Euro Expt Mar 25	53.74	56.43	-0.48	2.25
Fixed Int Ex Mar 25	46.90	48.06	-0.10	9.05
Japan Expt Mar 25	38.37	39.91	+0.72	0.78
Managed Ex Mar 19	44.01	45.77	....	4.38
SE Asia Expt Mar 25	78.50	82.43xd	+0.64	2.34
Sm Cos Expt Mar 25	35.27	37.04	-0.48	3.44
UK Eqty Ex Mar 25	41.92	44.02xd	-0.48	4.11
Phillips & Drew Fund Management Ltd				
Small Co's Mar 4	685.08	728.90	....	4.18
Do Accum	794.71	845.53	....	4.18
Int. Expt Mar 19	188.39	192.36	....	1.62
UK Index Mar 4	1088.34	1203.16	....	4.74
Do Accum	1315.24	1331.85	....	4.74
Convertible Mar 23	94.70	97.72	....	8.32
World ex UK Index Mar 17	771.30	780.51	....	2.06
Do Accum	771.30	780.51	....	2.06
Japan Index Mar 17	481.56	488.71	....	0.83
Do Accum	483.26	490.64	....	0.83
USA Index Mar 17	1075.78	1083.00	....	2.96
Do Accum	1121.56	1128.80	....	2.96
Europe ex UK Index Mar 17	919.33	934.72	....	2.88
Do Accum	956.06	972.06	....	2.88
Pacific ex Jap Index Mar 17	1071.89	1088.64	....	3.41
Do Accum	1139.34	1164.95	....	3.41

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equitable Life (International)

Equity & Law Intl Life Assce Co Ltd

Eurolife Assurance Group

Finesco International Ltd

Hafnia Prolific International

Hansard International Ltd.

Isle of Man Assurance Ltd

NEL Britannia International Ltd

PanEuroLife société anonyme

Premium Life International Ltd

Providence Capitol International Ltd

Providence Capitol International Ltd – Contd.

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

Bain Clarkson Asset Management

C F S Financial Mngmt

Capital Trust Financial Management

Chase de Vere PLC

ECU Futures Plc

Fairmount Financial Services Ltd

Hurstminster Financial Services(Pty) Ltd

EPS Capital Management PLC

Independent Financial Group PLC

Johnson Fry Asset Managers Plc

Knight Williams & Company Ltd

Macartney & Dewis Invest Mngt Plc

Northern Bings & Partners

PBR Fund Management Ltd

Pendleton Way Financial Services Ltd

Roxborough Financial Management Ltd

Sharp (Albert E) & Co.

Siltala Fund Managers Limited

South Yorks Financial Planning

Charles Stanley & Co Ltd

Tattersall Investment Mngt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Newport Investment Management

Orion Fund Limited

CANADA (SIB RECOGNISED)

GBC Asset Management

GUERNSEY (SIB RECOGNISED)

AIB Grofund Inv Managers (Guernsey) Ltd

Adams & Neville Fd Mngmt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Equitable International Fund Managers Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Managers (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Rothschild Asset Management – Contd.

Royal Bank of Canada Funds

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

Adams & Neville Fund Mngt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

Buntrust Management (Guernsey) Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

John Govett Management (International) Ltd

Hambros Fund Managers (CI) Ltd

Hasterville Fund Managers (Guernsey) Ltd

Havelet Throgmorton Mngmt Ltd

Henderson Admin. (Guernsey)

Holborn Fund Management (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

Nikko Capital Mngt (Europe) Ltd

Rea Brothers International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Stonehage Fund Mngrs Ltd

U.S. Treasury Securities Fund Ltd

Rudolf Wolff Capital Management Ltd

Yamaichi Capital Mngmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd

Hafnia Prolific International Mngmt Ltd

MI Global Asset Mngmt Co Ltd

Mercury Grenfell Investment Funds Ltd

Swiss Life Investment Fund

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

Baring International Fd Mngrs (Ireland) Ltd

Barings Mutual Fund Mngrs (Ireland) Ltd

Federated International Funds Plc

Sanwa International (Ireland) Plc

ISLE OF MAN (SIB RECOGNISED)

Allied Dunbar Intl Fund Mgrs

Asset Global Funds Ltd

Norwich Union Life Insurance Soc.–Contd.

Norwich Union Pensions Management Ltd

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Life Assurance Ltd

Providence Capitol Life Assc. Co. Ltd

Provident Mutual Life Assc. Assn.

Provident Mutual Life Assc. Assn. – Contd.

Prudential Assurance Co

Prudential Corporate Pension Funds

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Insurance

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

For UK Life companies see Century Life Plc

مكتبة

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	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625599				
High Income 5	[illegible]	0.4987	0.5145	10.34
CMI Core Portfolio Fund				
UK 5	£- 0.9729	1.0531	[illegible]	-
USA 5	£- 1.0870	1.1524	[illegible]	-
Japan 5	£- 0.5275	0.5869	[illegible]	-
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Total Income Fd 5	95.26	95.26	100.26 -0.26	10.2
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627610				
Intl Grth 5¼	490.9	490.9	526.0 -3.6	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
L.J. International ... 5¼	92.97	92.97	100.13 -0.4	-
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662255				
Merc IoM Fund 5	102.2	102.2	109.1 N/C	7.4
Merc Intl Bond 5	53.71	53.71	56.44 -0.28	8.9
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Secure High Income 6	£1.0170	1.0170	1.0923	8.24
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 06246 26494				
Scandinavia Fd 5	-	141.28	150.63 -0.40	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd H	$17.31	18.71	-	-
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
Beckman Option & Warrant	60.0	72.0	-0.09	0.00
Beckman Option & Warrant $	51.09	1.24	-0.10	0.00
Beckman Reserve Assets	104	104	+1.00	2.67
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	129.7	136.2	-	4.7

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
EBC Trust Company (Jersey) Ltd						
EBC Astro Traded Currency Fund Ltd*						
Income			$15.39	15.862	-	4.06
Capital			$23.63	24.349	-	5.50
*Offer price includes 3% prelim. charge						
International Income Fund						
Eurobd Long Term*			$32.58	34.0618	+0.0724	4.96
*Offer Price includes 5½% Initial Charge						
Equitilink International Mngt Ltd						
First Aust Prime Inc Inv Co Ltd NAV Mar 19 C$12.68						
First Aust Prime Inc Inv Co Ltd NAV Mar 19 US$10.62						
NAV Diluted to reflect exercise of all Wrrts C$12.37 US$10.35						
Fidelity Investment (CI) Ltd						
Sterling Americas			£2.519	2.651	-0.018	-
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Deutschland Inv Co NAV			DM16.53		-	-
Foreign & Colonial Mngmt (Jersey) Ltd						
Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10.62		+0.01	-
Multicurrency Cash			$16.29		+0.05	-
Sterling Cash			£11.67		+0.01	-
US$ Bonds			$14.43		+0.01	-
Multicurrency Bonds			$19.06		+0.02	-
Sterling Bonds			£12.73		+0.02	-
D Mark Bonds			DM10.35		-0.02	-
Ecu Bonds			Ecu11.55		-0.04	-
UK Equities			£9.86		-0.06	-
US Equities			$16.28		+0.01	-
Japanese Equities			Y699		-0.07	-
Global Equities			$10.69		-0.04	-
John Govett Management (Jersey) Ltd						
Meiji's Emy Co NAV Mar 19			$10.66		-	-
S'tam Seeing Fd NAV Mar 20			$8.58		-	-
Paragon Fd NAV Feb 28			$10.38		-	-
Paragon Redemption			$9.99		-	-
Hungarian Inv Co Feb 28			108.85		-	-

For Holborn Fund Mngrs see Prudential Fund Mngrs

INVESCO MIM International Limited

All Funds deal daily except where indicated.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar fails to sustain gains

THERE was an early rise in the dollar against the D-Mark yesterday, as the market reacted to gloomy predictions from former Soviet president Mikhail Gorbachev and news of a radiation leak at a Russian nuclear plant. The US currency opened in European trading at DM1.6720, compared with a DM1.6712 close in Asian trading and the DM1.6667 at which New York finished.

Mr Mark Austin of Hongkong and Shanghai Banking's London office said: "Any bad news from the Commonwealth of Independent States (the former Soviet Union) tends to support the dollar and undermine the D-Mark."

The rally did not last, however. One US bank trader told the Reuter news agency: "The dollar gain was mostly down to interbank players trying to relieve the boredom, and the real long-term customers showed absolutely no interest." By mid-morning the dollar had eased to DM1.6667.

As Mr Neil MacKinnon of Yamaichi Securities in London pointed out, the dollar had again failed to break through the important DM1.6720 resistance level. For it to make the breakthrough, he said, "the market really needs firm evidence that the beginnings of a US recovery, signalled in a number of indicators, are sustainable". Once that happens, he says, "we could see a test of DM1.7400 within three months".

The US unit ended European trading at DM1.6670, mildly below Monday's European close of DM1.6700. In New York the dollar eased further to finish at DM1.6637.

Against the yen, the dollar retained its gains slightly better. It finished in Europe at Y133.70, down marginally from the Y133.80 at which it ended Tokyo trading and unchanged from the Y133.70 of Monday's close to European trading.

Sterling continued to display some evidence of strength against the D-Mark, but remained stuck firmly at the bottom of the ERM. It opened the day at DM2.8675, and at one point touched DM2.8683.

Later, however, as rumours about forthcoming opinion polls suggested bad news for the Conservative party, the pound lost its gains and ended at DM2.8625, compared with Monday's DM2.8650.

Against the dollar, sterling stood at $1.7200, up from Monday's $1.7150. On the Bank of England trade-weighted index, the UK currency ended the day at 90.0, unchanged from the previous close.

Several analysts pointed out that it is common for pressure in EMS currencies to show up not so much in the exchange rate but in short-term interest rates. Thus, they argued, there was no necessary contradiction between the relative firmness of sterling and the tension displayed in the money markets about a possible Labour victory.

Peter Martin

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.896	-3.54	6.11	61
Belgian Franc	42.4032	42.0712	-0.78	3.16	36
Dutch Guilder	2.31643	2.30161	-0.64	3.01	29
D-Mark	2.05586	2.04410	-0.57	2.94	34
Irish Punt	0.767417	0.766121	-0.17	2.53	6
Italian Lira	1538.24	1536.71	-0.10	2.46	3
French Franc	6.89509	6.93065	0.52	1.83	-31
Danish Krone	7.84195	7.93856	1.23	1.11	-58
Sterling	0.696904	0.713304	2.35	0.00	-46

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar.24	Close	Previous Close
£ Spot	1.7190-1.7200	1.7185-1.7195
1 month	0.96-0.94pm	0.99-0.97pm
3 months	2.74-2.71pm	2.77-2.71pm
12 months	9.12-9.02pm	9.02-8.92pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.24	Previous
8.30 am	90.1	89.8
9.00 am	90.1	89.8
10.00 am	90.1	89.8
11.00 am	90.1	89.9
Noon	90.1	89.8
1.00 pm	90.1	89.9
2.00 pm	90.1	90.0
3.00 pm	90.1	90.0
4.00 pm	90.0	90.0

POUND SPOT - FORWARD AGAINST THE POUND

Mar 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7155 - 1.7230	1.7195 - 1.7205	0.96-0.94cpm	6.63	2.73-2.70pm	6.31
Canada	2.0430 - 2.0525	2.0480 - 2.0490	0.63-0.59cpm	3.57	1.74-1.67pm	3.33
Netherlands	3.2175 - 3.2300	3.2175 - 3.2275	¼-⅛cpm	0.93	¾-⅝pm	0.93
Belgium	58.85 - 59.05	58.85 - 58.95	6-1cpm	0.71	17-12pm	0.98
Denmark	11.1150 - 11.2525	11.1150 - 11.1250	⅞-⅛orepm	0.67	2⅛-⅞pm	0.54
Ireland	1.0725 - 1.0775	1.0740 - 1.0750	0.02-0.01cpm	0.17	0.05-0.02pm	0.13
Germany	2.8600 - 2.8700	2.8600 - 2.8650	¼-⅛pfpm	0.79	¾-½pm	0.87
Portugal	245.60 - 247.00	246.00 - 247.00	69-90cdis	-3.87	160-192dis	-2.86
Spain	180.35 - 180.90	180.35 - 180.65	27-35cdis	-2.06	79-87dis	-1.84
Italy	2151.25 - 2156.00	2151.25 - 2152.25	3-4liredis	-1.95	7-9dis	-1.49
Norway	11.2300 - 11.2525	11.2350 - 11.2450	⅞-¼orepm	0.53	1⅝-½pm	0.38
France	9.7000 - 9.7300	9.7000 - 9.7100	⅜-⅛cpm	0.31	1¼-⅝pm	0.44
Sweden	10.3775 - 10.3975	10.3800 - 10.3900	⅞-¼oredis	-0.65	1⅝-2⅛dis	-0.82
Japan	229.50 - 230.75	229.50 - 230.50	1⅛-1ypm	5.54	3⅜-3¼pm	5.78
Austria	20.13 - 20.18	20.13 - 20.16	2⅞-1⅛gropm	1.12	7-5pm	1.19
Switzerland	2.6000 - 2.6100	2.6000 - 2.6100	⅜-¼cpm	1.44	1¼-1⅛pm	1.82
Ecu	1.3990 - 1.4030	1.3995 - 1.4005	0.08-0.03cpm	0.47	0.22-0.12pm	0.49

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.27-5.22pm. 12 Month 8.99-8.89pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

CURRENCY RATES

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Mar.23

OTHER CURRENCIES

Mar 24	£	$
Argentina	1.7085 - 1.7115	0.9925 - 0.9935
Australia	2.2615 - 2.2635	1.3130 - 1.3140
Brazil	3230.25 - 3232.50	1876.20 - 1876.40
Finland	7.8035 - 7.8170	4.5330 - 4.5360
Greece	329.750 - 335.000	192.150 - 195.250
Hong Kong	13.3190 - 13.3320	7.7380 - 7.7400
Iran	2479.00*	1435.50*
Korea(Sth)	1312.15 - 1333.30	768.70 - 777.90
Kuwait	0.50935 - 0.51035	0.29570 - 0.29620
Luxembourg	58.85 - 58.95	34.20 - 34.30
Malaysia	4.4300 - 4.4380	2.5715 - 2.5735
Mexico	5199.55 - 5211.15	3069.00 - 3070.00
N.Zealand	3.1410 - 3.1445	1.8235 - 1.8255
Saudi Ar	6.3930 - 6.4700	3.7495 - 3.7505
Singapore	2.8490 - 2.8560	1.6540 - 1.6560
S.Af (Cm)	4.9665 - 4.9780	2.8880 - 2.8895
S.Af (Fn)	6.1080 - 6.2180	3.5460 - 3.6100
Taiwan	43.90 - 44.10	25.50 - 25.60
U.A.E.	6.2600 - 6.3370	3.6715 - 3.6735

*Floating rate. Iran Official rate:£115.30 $67.35

EURO-CURRENCY INTEREST RATES

Long term Eurodollars, two years 6⅝-6½ per cent; three years 7-6⅞ per cent; ... 7⅝-7⅜ per cent nominal. Short term rates are call for US Dollars and ...

EXCHANGE CROSS RATES

Yen per 1,000. French Fr. per 10. Lira per 1,000. Belgian Fr. per 100.

MONEY MARKETS

Bank calms market

THE Bank of England made its desire to calm the market clear from the outset yesterday, supplying plentiful early liquidity. "The Bank were very helpful on Monday, and they were very helpful again today," said one dealer.

The Bank's morning forecast was for a shortage of around £750m, which it immediately sought to relieve with offers to purchase bills across all four bands. It bought a total of £709m of bills, including £640m of Band 1 bank bills at 10⅜ per cent.

"The Bank probably didn't need to do an early round," said one dealer. Without an election campaign, "they probably would have waited till lunchtime" to offer relief.

The Bank's action resulted in a slight easing of rates: just before lunch, three-month money was trading at 10$\frac{11}{16}$-¾, down from Monday's 10⅞-$\frac{13}{16}$. There were no Bank operations at lunchtime, but in the afternoon, the Bank revised its estimate of the shortage to around £800m, and bought a further £100m of band-1 bank bills at 10⅜ per cent.

Three-month money closed at 10$\frac{11}{16}$-⅝, a further easing. The June sterling contract closed at 89.05, not far from the day's high of 89.11 and up from Monday's close of 88.97.

Overnight rates dropped as low as 7 per cent during the day, but closed at 10⅝-½, a level which was "historically, almost giving money away," said one dealer.

"The market is not so much discounting a half-point rise after the election as discounting the possibility of a much bigger rise if Labour forms a minority government," said Mark Austin of Hongkong and Shanghai Banking Corporation. Fears that a Labour government might face a weakening pound increased the risk of a significant rise in interest rates – so that, allowing for the electoral probabilities, "the market is starting to discount half of that."

● The Bundesbank announced that German M3 money supply grew at an annualised rate of 8.5 per cent in February after a 9.0 per cent rise in January. The Bundesbank's 1992 M3 growth target is 3.5 to 5.5 pct.

German call money remained unchanged at 9.65-70 per cent as tax payments continued to put upwards pressure on rates. The Bundesbank set a tender for a 28-day securities repurchase agreement. A DM 5.5bn facility at rates of mostly 9.45 per cent expires today.

UK clearing bank base lending rate 10½ per cent from September 4, 1991

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES AND OPTIONS

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.675	4.67	5.21	5.56	6.32	0.51	1.92	2.91	5.77
1.700	2.74	3.59	4.05	5.00	1.18	2.89	4.07	7.16
1.725	1.46	2.41	2.88	3.90	2.37	4.27	5.52	8.72
1.750	0.68	1.58	2.03	3.00	4.04	5.93	7.18	10.36
1.775	0.23	0.96	1.41	2.32	6.12	7.78	8.98	12.18
1.800	0.07	0.54	0.91	1.79	8.37	9.87	11.10	14.13
1.825	-	0.27	0.56	1.32	10.73	12.09	13.16	16.17

Previous day's open int: Calls 293,115 Puts 481,475 (All currencies)
Previous day's volume: Calls 7,613 Puts 7,549 (All currencies)

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

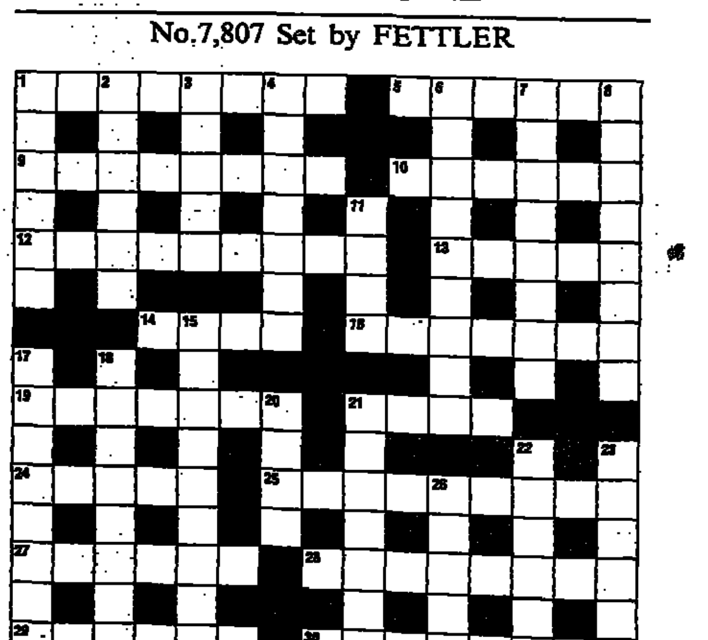
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,807 Set by FETTLER



ACROSS

1 Mope drunkenly ere one's in liquor store (8)
5 In Hades, ignition's the intention (6)
9 Great mistake, if held in spasm (8)
10 Smoking jacket? (6)
12 Chap next door settled in east Brough (9)
13 Shrub goes right straggly (5)
14 Dash in Ireland (4)
16 Lower town led roistering (3,4)
19 The club's been roughly turned to beat (7)
21 Bow made from conifer long gone (4)
24 Make up with reformed rogue (5)
25 Fish go in cobble (9)
27 Lack of order for hire car. AA covered it (6)
28 Animated? It inspired! (8)
29 Enter old uncle Reg, drunk (6)
30 Interval music at recent concert (8)

DOWN

1 Reach out to old nanny (6)
2 Gingerbread man (6)
3 The country of Herr Eichmann? (5)
4 A rude picture taking in right fabulous beast (7)
6 Active time in Greece (9)
7 Imply one or more lowly in station (8)
8 Audacity's to stop where impulses finish (5,3)
11 A test of morality (4)
15 As one having to linger aimlessly is (9)
17 Have respect for leader, coming fifth, dispirited (8)
18 Stubborn brute, having a do when being trained (8)
20 Feel loathing for such as hemlock (4)
21 Poison in port, a noxious brew (7)
22 Still it acts vigorously (6)
23 Curb removed in rear part of stable (6)
26 Sin or mistake? (5)

Solution to Puzzle No.7,806

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWEDEN (continued) — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

4:00 pm prices March 24

[illegible]

MONTREAL

4:00 pm prices March 24

[illegible]

9100 Jannock	$16¾	16¼	16¼	-⅛		
100 KerrAddis	$16¼	16¼	16¼			
12400 Labatt	$25⅞	25⅝	25¾	+⅛		
107500 Lac Minls	$7⅛	d6⅞	7	-⅛		
2100 Lafarge	u$18¼	18⅛	18⅛	+⅛		
13000 Laidlaw A	$12¼	12⅛	12¼	+⅛		
343200 Laidlaw B	$12⅜	12⅛	12⅜	+⅛		
200 Laurent Bk	$18¼	d18¼	18			

Total Sales 16,043,600 shares

INDICES

NEW YORK

DOW JONES	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3260.96	3272.14	3276.39	3261.40	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.50	98.58	98.41	98.68	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1397.05	1417.04	1433.67	1420.78	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.43	205.43	206.12	205.12	225.59 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3284.21 (3288.69) Low 3249.11 (3249.33)

STANDARD AND POOR'S

	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	408.88	409.91	411.30	409.80	420.77 (15/1)	403.89 (12/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	486.87	487.87	489.15	487.84	499.27 (15/1)	480.59 (12/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.42	34.62	34.90	34.60	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	225.89	226.41	226.96	226.25	231.85 (15/1)	223.30 (12/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	399.57	401.36	402.83	402.17	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	618.68	621.83	624.28	625.96	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 20	Mar 13	Mar 6	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.84	2.84	3.53

	Mar 18	Mar 11	Mar 4	year ago (approx.)
S & P Industrial div. yield	2.61	2.64	2.61	2.88
S & P Indl. P/E ratio	28.91	28.51	28.61	17.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Amer T & T	7,721,300	40	- ½
Glaxo	3,027,800	28½	+ ¼
Amer Express	2,612,600	22⅞	+ ¾
Telefonos	1,886,500	58	- ½
IBM	1,833,500	85¼	- ⅜
Boeing	1,459,000	43⅝	- ¼
Blockbuster	1,458,700	14⅝	- ⅜
RJR Nabisco	1,456,100	9¼	----
BankAmerica	1,410,500	44⅝	- ⅞
Chrysler	1,392,300	17½	- ⅜

TRADING ACTIVITY

† Volume (Millions)	Mar 24	Mar 23	Mar 20
New York SE	188.723	155.620	246.710
Amex	13.708	12.917	17.125
NASDAQ	(u)	148.858	191.500
NYSE			
Issues Traded	2,244	2,217	2,243
Rises	731	694	927
Falls	988	989	773
Unchanged	525	534	543
New Highs	70	57	92
New Lows	26	26	30

CANADA

TORONTO	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW
Metals & Minerals	3004.83	2988.71	3001.26	2994.50	3238.87 (16/1)	2935.22 (2/1)
Composite	3437.80	3443.70	3469.95	3466.73	3666.00 (16/1)	3437.80 (24/3)
MONTREAL Portfolio	1792.77	1793.35	1808.08	1806.53	1937.59 (16/1)	1792.77 (24/3)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1583.4	1586.7	1584.1	1571.4	1675.60 (15/1)	1568.00 (18/3)
All Mining (1/1/80)	684.6	684.3	687.1	681.3	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	429.64	433.50	437.77	439.62	685.20 (18/3)	372.24 (2/1)
Traded Index (2/1/91)	1025.82	1034.99	1046.46	1050.27	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1189.81	1197.00	1200.89	1204.54	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	333.50	336.69†	338.73	338.69	365.29 (15/1)	333.50 (24/3)
FINLAND						
HEX General (28/12/90)	835.5	843.6	861.6	863.0	936.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	513.63	519.21	520.30	522.36	534.00 (11/3)	475.53 (2/1)
CAC 40 (31/12/87)	1896.26	1884.57	1919.12	1921.99	1993.88 (10/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	694.94	699.13	704.44	700.79	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1964.7	1977.3	1992.9	1982.5	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1713.11	1717.47	1736.30	1724.63	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5052.32	5061.14	5015.81	4990.59	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1397.46	1392.87	1398.22	1395.66	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	505.50	510.61	511.79	514.34	551.59 (6/2)	503.28 (17/3)
MIB General (2/1/87)	994.0	1007.0	1008.0	1012.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	19891.57	20239.60	(c)	20185.09	23801.18 (6/1)	19764.31 (18/3)
Tokyo SE (Topix) (4/1/68)	1439.55	1459.88	(c)	1451.14	1763.43 (6/1)	1407.78 (18/3)
2nd Section (4/1/68)	2118.22	2137.05	(c)	2126.35	2459.85 (6/1)	2115.93 (18/3)
MALAYSIA						
KLSE Composite (4/4/86)	609.90	609.33	603.19	597.96	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	292.0	292.9	293.2	292.9	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	205.1	205.2	205.9	205.7	4379.00 (17/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	710.43	713.56†	715.65	713.60	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1094.63	1101.79	1120.17	1105.07	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	388.80	387.34	387.34	386.83	416.99 (21/1)	384.78 (9/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1121.0♦	1103.0	1129.0	1126.0	1327.00 (21/1)	1103.00 (24/3)
JSE Industrial (28/9/78)	4430.0♦	4399.0	4412.0	4409.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	624.13	615.39	612.67	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	255.84	256.19	258.38	(c)	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1001.4	1001.6	1009.7	1007.70	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	808.6	808.7	805.8	813.0	817.50 (4/3)	748.50 (8/1)
SBC General (1/4/87)	639.3	640.4	645.8	644.7	650.10 (3/3)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4790.10	4685.16	4818.18	4810.23	5391.63 (30/1)	4685.16 (23/3)
THAILAND						
Bangkok SET (30/4/75)	822.61	827.19	814.39	811.78	827.19 (23/3)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	492.5*	492.7	492.2	493.9	542.10 (7/1)	490.20 (16/3)
Euro Top-100 (26/6/90)	915.71	914.98	922.48	923.09	943.20 (3/3)	870.31 (2/1)

**Saturday March 21: Taiwan Weighted Price. 4745.03. Korea Comp Ex. 617.30.
♦ Subject to official recalculation. *Calculated at 15 00 GMT.
Base values of all indices are 100 except. Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable. † Corrected figure.

TOKYO - Most Active Stocks

Tuesday 24 March 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sagami Rail	9.1m	583	-5	Kaken Pharm	4.1m	1,240	-80
Shizuoka Bank	8.4m	1,110	-60	Minebea	3.6m	626	-23
Keihin Express	8.0m	825	-8	Tobu Rail	3.2m	734	-18
Nippon Steel	6.2m	312	-10	Mitsui OSK Lns	3.0m	415	-6
Shiseido	5.8m	1,670	+10	Daishi Bank	3.0m	788	0

4:00 pm prices March 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- N -

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Quote Close	Ch'ge Prev. Close
18¼	14½	Network Eq				451763	15	d13¼	13¼	-1½
19⅝	18⅝	Nevada Pwr	1.60	8.8	16	1012	18⅞	18¾	18⅞	
4¼	3½	New Am Hi x	0.64	15.1		117	u4¼	4⅛	4¼	
32⅞	29¼	New Eng El	2.08	6.9	10	587	30¼	29¾	30⅛	+⅛
12⅛	10⅝	New G'many	0.33	2.9		444	11⅞	11¼	11¼	-⅛
20⅞	18¼	New Jsy Rs x	1.52	7.9	16	97	19⅛	18¾	19⅛	+¼
25	20¼	New Plan R	1.47	7.0	20	643	21⅛	21	21	-⅛
⅞	⅛	New Valley				0	209	⅛	⅛	⅛	
4½	3⅛	N Valley A				z100	4⅛	4⅛	4½	
2⅞	1	N Valley B				10	2⅞	2¼	2⅞	+⅛
29⅞	26½	NYStE&Gas	2.12	7.8	11	371	27½	27	27⅛	+⅛
53	43½	Newell	0.60	1.3	25	659	46⅝	45¾	46	-⅝
20⅞	17⅝	Newhall	0.80	4.0	24	61	19⅞	19½	19¾	+⅛
46⅝	37	Newmont Gd	0.05	0.1	30	258	38¾	38¼	38⅞	-⅛
47¼	37¼	NewmontMng	0.60	1.5	23	671	39¼	38⅝	38⅞	-⅛
29¼	21¼	News Corp	0.13	0.5	19	672	27⅞	27¼	27⅞	-⅛
66	60½	NewsCAyPf	3.50	5.5		14	63¼	62½	63¼	

- R -

1992 High	1992 Low	Stock	Div.	Yld. %
34	30¼	Roch Tel	1.54	6.0
17½	15⅛	RockelCtP	1.92	11.0
28⅛	25¼	Rockwl	0.92	3.6
5⅞	4	Rodm&Rens		
52	42¼	Rohm&Haas	1.24	2.4
24¾	14⅝	Rohr Inds		
13⅝	9¾	RollinsEnv	0.09	0.7
30⅝	26¾	RollinsInc	0.60	2.0
19	15¾	RolinsTrL	0.24	1.5
6⅞	4⅛	Rowan Cos		
27¼	25½	RoyBkScot	2.81	10.7
86¼	74⅞	RylDutch	4.23	5.5
12	10⅛	Royce Val	1.22	10.4
37¾	30½	Rubbermaid	0.34	1.0
20½	14⅞	Ruddick	0.24	1.1
27⅛	18	RussBerrie	0.76	2.8

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
1 5/8	1/4	Russ Togs	0.20	49.2	0	308	[illegible]	[illegible]	[illegible]	
40 5/8	33 1/2	Russell Cp	0.32	0.9	25	605	36 1/4	36 1/4	36 7/8	-1/4
25 3/8	19 5/8	Ryder Syst	0.60	2.4	29	2986	u25 5/8	24 1/2	25 1/8	+1
26	22 1/4	Ryland Grp	0.60	2.4	45	606	25 1/8	24 5/8	24 3/4	-1/8

- S -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	17 1/2	S Anita Rt	1.72	9.4	17	179	18 1/2	18 1/8	18 1/4	+1/8
18 7/8	15 1/4	SCOR US Cp x	0.28	1.6	10	28	17 7/8	17 3/4	17 3/4	
29 1/2	24 3/4	SPS Techno	1.28	5.0	20	144	26 7/8	25 3/8	25 3/4	-1 1/8
1	1/2	Saatchi&S	0.19	20.3		12216	[illegible]	[illegible]	[illegible]	
13	12 1/8	Sabine Rlt x	1.43	11.1	7	34	12 7/8	12 5/8	12 7/8	+1/8
11 7/8	9	Salecard	0.15	1.5	9	165	9 7/8	9 3/4	9 7/8	+1/8
16	14 1/8	Safeg'd Sc			6	42	14 3/8	14 1/8	14 1/8	-1/4
28 3/4	23 1/2	SafetyKln	0.34	1.4	25	1497	24 5/8	23 3/4	23 3/4	-3/8
20 1/4	16 3/8	Safeway			34	990	16 7/8	d16 1/4	16 1/4	-1/2
4 5/8	3 1/2	SafewayW96				82	3 5/8	d3 1/2	3 1/2	-1/8
41 7/8	29 7/8	StJoePaper x	0.20	0.5	43	101	39 7/8	38 3/4	39 1/4	-5/8
34 3/4	31 1/2	StJosL&P	1.72	5.4	13	39	32	31 3/4	31 3/4	-1/4
75 1/4	69 1/4	St Paul's	2.72	3.8	7	162	72 1/4	71 1/4	71 1/2	-3/4
7 1/4	2 7/8	Salant Crp			0	27	6 3/4	6 1/2	6 5/8	-1/8
75 1/8	61 1/2	Sallie Mae	1.00	1.6	15	2848	65 1/4	64	64	-1 1/4

[illegible]

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21 1/4	19	TNP Enterp	1.63	8.4	8	[illegible]	[illegible]	[illegible]	[illegible]	
47	41	TRW Inc	1.80	3.9	20	[illegible]	[illegible]	[illegible]	[illegible]	
1 1/2	3/4	TacomaBoat			0	[illegible]	[illegible]	[illegible]	[illegible]	
30 7/8	24 1/2	Taiwan Fd				[illegible]	[illegible]	[illegible]	[illegible]	
4 1/4	2 3/4	TalleyInd	0.20	6.2	0	[illegible]	[illegible]	[illegible]	[illegible]	
7 1/2	5	Talley Pf	1.00	17.8		[illegible]	[illegible]	[illegible]	[illegible]	
70 1/2	61 3/4	Tambrands	1.36	2.2	25	[illegible]	[illegible]	[illegible]	[illegible]	
15 3/4	11	Tandem				[illegible]	[illegible]	[illegible]	[illegible]	
31 1/8	24	Tandy Corp	0.60	2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
13	11 7/8	Tauna Mun x	0.89	7.0		[illegible]	[illegible]	[illegible]	[illegible]	
41 1/2	36	Teco Energ	1.72	4.5	16	[illegible]	[illegible]	[illegible]	[illegible]	
22 7/8	18 1/2	Tektronix	0.60	3.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
1 1/2	11/16	Telecom Cp			2	[illegible]	[illegible]	[illegible]	[illegible]	
27	19 7/8	Teledyne	0.80	2.9	60	[illegible]	[illegible]	[illegible]	[illegible]	
38 3/8	31 1/2	TeleEspSA	1.44	4.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
58 7/8	45 3/4	Telmex ADR				[illegible]	[illegible]	[illegible]	[illegible]	
67 1/2	50	Templeln	0.96	1.7	21	[illegible]	[illegible]	[illegible]	[illegible]	
24	21	TempltEmMk	3.90	18.2		[illegible]	[illegible]	[illegible]	[illegible]	
9 3/4	9 1/4	TempltGlob x	0.84	9.2		[illegible]	[illegible]	[illegible]	[illegible]	
9 3/4	8 7/8	TempltGFd x	0.84	9.3		[illegible]	[illegible]	[illegible]	[illegible]	
40 1/2	31 1/4	Tennecoinc	1.60	4.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
21 5/8	19 1/2	Teppco Ptn	2.20	10.4	15	[illegible]	[illegible]	[illegible]	[illegible]	

[illegible]

- X - Y - Z -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82 1/4	66 1/2	Xerox	3.00	3.8	15	3149	78	77 1/8	77 7/8	+1/2
53 1/2	50 1/2	Xerox4.125				9	53	52	52 1/2	+1/2
28 1/2	24 7/8	Xtra 1.94	1.94	7.2		9	27	26 3/4	26 3/4	-1/4
37	28 1/2	Xtra Corp	0.80	2.2	15	14	35 3/4	35 1/2	35 1/2	-1/4
27	25 1/4	Yankee Egy	1.60	6.0	12	16	26 5/8	26 1/2	26 1/2	-1/8
1 1/2	1/2	Zapata			31	190	1 1/4	1 1/4	1 1/4	-1/8
11 1/8	7 1/4	ZenithElec			5	214	9 1/2	9 3/8	9 3/8	-1/8
17 1/4	14 1/2	Zenith Nat	1.00	6.1	7	1906	16 3/4	16 3/8	16 3/8	
6 3/4	6	Zenix Inc x	0.85	12.6		158	u6 3/4	6 5/8	6 5/8	-1/8
13 3/4	11 1/8	Zero Corp	0.40	3.0	20	256	13 1/8	13 1/8	13 1/4	-1/8
38	34 1/4	Zurn Ind	0.88	2.4	16	363	37 1/2	37 1/8	37 1/8	-1/2
14 1/8	12 3/4	Zweig Fund	1.16	8.8		147	13 1/4	13 1/4	13 1/4	
11	9 7/8	Zweig Totl	0.95	9.1		395	10 1/2	10 3/8	10 1/2	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1. excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices March 24

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pall Corp	0.36	27	681	26 3/4	25 7/8	26 1/8	-1/8
Pegasus G	0.10	32	1542	12 1/4	d11 5/8	11 7/8	-1/4
Penril		50	17	13 7/8	13 3/4	13 3/4	-1/8
Pel H&P z	0.31	8	36	10 3/4	10 1/8	10 3/8	
Phil LD	0.25	13	753	33 1/4	31 7/8	32	-1

[illegible]

NASDAQ NATIONAL MARKET

4:00 pm prices March 24

[illegible]

AMERICA

Decline in car sales helps push Dow lower

Wall Street

NEWS OF weak mid-March domestic car sales depressed market sentiment yesterday as investors continued to hold back amid uncertainty about the short-term direction of share prices, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average ended down 11.18 at 3,260.96. The Standard & Poor's 500 slipped 1.02 to 408.89, while the Nasdaq composite of over-the-counter stocks declined 3.15 to 618.68. Turnover on the New York SE was a moderate 192m shares.

The release of mid-March car sales figures disappointed the market, which had hoped they would show further evidence of a recovery in consumer spending. After the biggest manufacturers had reported, it was clear that the annual selling rate based on the 10-day period earlier this month was below 6m cars, some way short of the 6.2m rate expected by the market, and an indication of the continued weakness in consumer demand.

Motor shares were in the limelight following the sales data. General Motors fell $1¼ to $37⅞ after reporting US-made car sales in mid-March were 6.1 per cent lower than at the same period a year earlier.

Ford dipped $⅞ to $39⅛ on news of a 5.4 per cent decline in car sales in the same period, while Chrysler edged $¼ lower to $17⅞ on a 26 per cent fall in sales. The one bright spot was a rise in truck sales over the period for Ford and Chrysler.

K Mart, one of the country's biggest retailers, improved $½ to $54 after announcing a two-for-one stock split and an increase in quarterly dividend.

BancOne rose another $⅞ to $47⅜ as investors continued to react positively to the regional banking group's $782m purchase of Team Bancshares, the sixth largest bank in Texas.

Gap firmed $⅝ to $43½ in spite of news that Mr Millard Drexler, the retail group's president, had sold ½m shares in February for about $25.6m. A Gap spokesman said the sale was part of the normal diversification of the president's portfolio.

SPS Transaction Services appreciated $⅝ to $20⅜ after Alex Brown & Sons, the broking house, initiated coverage of the recently floated company with a "buy" recommendation.

Sterling Chemical rose $⅝ to $4¾ on its agreement to acquire Tenneco's pulp chemicals operations in Canada. Tenneco eased $⅛ to $38¾.

Among over-the-counter stocks, Microsoft weakened $1 to $127½ after stating that it would be acquiring Fox Software. SunMicrosystems dropped $1 to $29⅛ on the day that the company reduced prices on its three-dimensional display workstations and its microprocessor server family of products.

Canada

TORONTO ended slightly lower as the cash flow difficulties at Olympia & York kept market participants cautious. A trader said: "That hanging over us as well as the constitutional (uncertainty) is really killing our market."

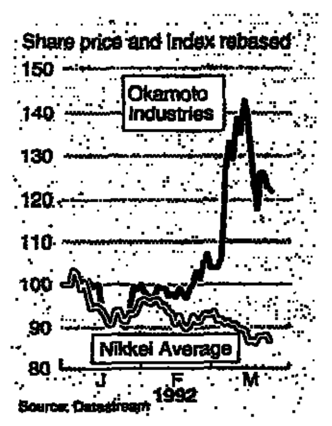
The composite index finished 5.8 down at 3,437.8. Declines led advances by 323 to 222 after volume of 32.9m shares.

"Obviously they are going to do something to help them (Olympia & York) restructure. It just puts a big pall over our financial institutions," the trader added.

Searching for a longer-term strategy

Emiko Terazono looks at Tokyo's need for a change of tactics to revitalise its market

WHILE last week's fall of the Nikkei average to below the psychologically important 20,000 level shook investor confidence, some short-term traders and brokers still seem to be hoping old tactics will push up share prices.



A swirl of speculative activity during the past month has boosted shares of bio-technology companies as Japanese brokers, eager to lift faltering commission revenue, have turned to "thematic trading" by promoting drug and food companies which are developing new "miracle" drugs. Amid a slowing economy, brokers also hailed the drug sector's defensive qualities, unaffected by the economic cycle or currency movements.

A recent announcement by the Tokyo Stock Exchange to put Okamoto Industries, a leading condom maker, on its watch list due to the stock's volatility has dampened the enthusiasm. Okamoto had been one of the leading stocks in the Aids theme, and some brokers criticised the TSE's action as harming the market. Okamoto rose to Y1,370 on March 12, 58.7 per cent above its 1992 low of Y863 on January 27, but it has since retreated, closing at Y1,170 yesterday.

Last month the share price of Ono Pharmaceutical, a medium-sized drug company based in Osaka, surged on reports that sales from its new diabetes drug "Kinedak", to be launched in April, would reach an annual Y25bn. Ono's warrant bond expiring in August has given another reason for brokers to promote the stock, on the back of speculation that its main underwriter will try to lift the share price.

Thematic trading has been a driving force in the Tokyo market in the past. Themes were frequently generated by the Big Four brokerages – Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities – trying to promote shares of companies of which they are the main underwriters.

The themes provided a basis for brokers to recommend stocks. The orchestrated move would prompt short-term trading by institutional investors, and convince individuals to commit funds to the market. A consensus would be made in the market as second and third-tier brokers would, in turn, promote the theme stocks put forward by the Big Four.

For example, the news that Earvin "Magic" Johnson, the American basketball star, was infected by the HIV virus, triggered the "Aids theme".

Thematic trading briefly subsided after the revelation of last year's stock scandals, where brokers allegedly manipulated share prices of Tokyu, a leading department store.

Japanese brokers claim they have now changed their strategy to promotion of middle to long-term investments and advising clients on their "portfolios", rather than trying to increase turnover by urging them to quickly take profits.

Mr Yoshinobu Isokawa, managing director of Yamaichi Securities' market planning department, says most branch managers, who had been used to recommending stocks with prospects of rising within a month, were initially shocked by such methods. "Both client and sales people were too obsessed with short-term gains. That has to change."

However, analysts say that without trading themes brokers are at a loss about how to do business. Now some brokers are complaining that the main cause of the current slump is the Big Four not coming up with scenarios and themes, says Mr Kiyoshi Nikami, senior economist at Japan Securities Research Institute.

Daily average volume on the Tokyo market's first section dropped to 172m shares in February, the lowest since June 1982. Mr Minoru Nagaoka, president of the Tokyo Stock Exchange, expressed his frustration about the trading conditions by sending out letters urging brokerages to step up sales activities. Mr Nagaoka said investors needed information to make investment decisions.

Brokers, desperate for themes, have tried to revive old stories such as the Aids theme. Along with Okamoto, Meiji Milk Products, a dairy company which is developing an Aids cure, has seen volatile share price movements.

Mr Nikami says that unless brokers break off from thematic trading and learn the basics of stock sales, the market will not recover from its current slump. Until then, the Tokyo stock market will probably remain its obscure self.

ASIA PACIFIC

Nikkei below 20,000 as Bank fails to act

Tokyo

SHARE PRICES turned down on broad-based selling yesterday, and the Nikkei average once again fell below the 20,000 level on disappointment that the Bank of Japan had failed to cut the official discount rate, *writes Emiko Terazono in Tokyo.*

The 225-issue average was finally 348.03 down at 19,891.57 after opening at the day's high of 20,199.52 and moving to the session's low of 19,866.32 in the afternoon.

Volume increased slightly to 300m shares from 280m. Falls overwhelmed rises by 800 to 198, with 149 issues unchanged. The Topix index of all first section stocks ended 20.33 weaker at 1,439.55, and in London the ISE/Nikkei 50 index dipped 4.09 to 1,119.53.

Heavy selling by companies ahead of the last trading session for March accounts today pulled down share prices. Index-linked sales by arbitrageurs also depressed the index, as low-liquidity component stocks of the Nikkei lost ground.

Rumours that financial troubles at a Canadian real estate company would hit Japanese banks added to the pessimism. Most market participants are now hoping for an easing in monetary policy after Friday's announcement of the government's economic stimulus package and industrial production figures for February.

Nippon Telegraph and Telephone, the benchmark for market sentiment, dropped Y19,000 to set an all-time low of Y640,000. Other leading high-technology issues also declined, with Sony shedding Y20 to Y4,080.

Small-capital component stocks of the Nikkei average fell sharply on concern that the index may be restructured later this year, after financial authorities complete their review. Daito Woollen Spinning and Weaving lost Y210 to Y1,350 and Shinagawa Refractories Y120 to Y1,110.

Financial shares ran into selling by companies ahead of the March book-closing, while banks were affected by market rumours. Industrial Bank of Japan finished Y80 cheaper at Y2,360 and Nomura Securities Y30 off at Y1,220.

Bio-technology issues were lower on profit-taking. Meiji Milk Products fell Y25 to Y891 and Mochida Pharmaceutical Y90 to Y3,690. However, Nagase, a chemical product trader, jumped Y38 to Y815 on rumours of a new Aids cure.

In Osaka, the OSE average declined 266.46 to 21,429.62 in volume of 613.9m shares. The index fell on liquidation by tokkin – specified money trusts – and investment trusts. Active cross-trading by companies ahead of book closings for the current year to March pushed up activity.

Roundup

THE PACIFIC Rim put in a mixed performance yesterday. Seoul, closed for the parliamentary election, reopens today.

HONG KONG made up for early declines with some afternoon bargain hunting. The Hang Seng index lost only 8.82 at 5,052.32. Turnover eased to HK$2.47bn from HK$2.57bn.

In the strong utilities sector, Hong Kong and China Gas added 60 cents at HK$15.80 as investors switched out of China Light, which slipped 75 cents to HK$32.00.

TAIWAN was pulled higher by late buying of financial shares ahead of their issue of stock dividends on April 1. The weighted index rose 104.94, or 2.2 per cent, to 4,790.10. Turnover was T$20.6bn (T$17.26bn).

MANILA fell below the 1,100 support level as investors stayed on the sidelines, fearing that May's national elections might be marred by violence. The composite index shed 7.16 to 1,094.63 in turnover of 87m pesos, down from 91m.

The market was also weighed down by the 3bn-peso share offering by Philippine National Bank, which ends on Friday, and the overnight decline of Philippine Long Distance Telephone in New York.

AUSTRALIA eased slightly, the All Ordinaries index losing 3.3 to 1,583.4 in turnover of A$156m. BTR Nylex gained 2 cents to A$2.48 on reports that it planned to proceed with a takeover bid for Westinghouse Brake and Signal.

TNT, up 9 cents the previous day, relinquished 4 cents to A$1.91: it said on Monday that it expects its European distribution network to move into profit in 1992/93. News Corp declined 4 cents to A$17.96 on profit-taking.

BOMBAY, closed on Monday, reached a record high yesterday, the BSE index ending 426.05 ahead at 3,669.58, after touching 3,688.53.

SINGAPORE's Straits Times Industrial index put on 4.04 to 1,439.78 in volume of 33.5m shares, against 35.1m.

KUALA LUMPUR rose in early trading before profit-taking pulled the market back. The composite index finished a marginal 0.57 up at 609.90 in turnover of M$146m.

NEW ZEALAND moved ahead slightly and the NZSE-40 index ended 1.89 firmer at 1,438.18 in turnover of NZ$11.5m. Lion Nathan appreciated 4 cents to NZ$3.86, with foreign buying noted.

SOUTH AFRICA

JOHANNESBURG gained in late trading helped by strong foreign buying. The overall index rose 26 to 3,544 and industrials gained 31 to 4,430. The gold index firmed 18 to 1,121.

EUROPE

Euro Disney falls 4% on Goldman Sachs report

MOST BOURSES recovered after a shaky start to the week, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Mar 24

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1138.40	1138.93	1139.64	1141.73	1142.21	1142.64	1143.66	1142.88

Day's High 1144.11 Day's Low 1138.00

Mar 23	Mar 20	Mar 19	Mar 18	Mar 17
1142.05	1153.93	1153.18	1153.82	1151.88

Base value 1000 (26/10/90).

PARIS recouped some of Monday's losses but failed to break decisively above 1,900. The CAC-40 index touched 1,903.47 before closing 11.69 better at 1,896.26 in turnover of FFr2.2bn.

Euro Disney was the day's most active share, dropping FFr6.40 or 4 per cent to FFr153.50 with a heavy 1.05m shares traded, on rumours that Goldman Sachs had issued a negative report.

Goldman Sachs's analyst in New York, Mr Richard Simon, later confirmed that he was telling clients to sell the stock because it was overvalued and that earnings growth would be modest. His new EPS forecasts stand at 65 centimes for 1992, FFr1.75 for 1993, and peaking at FFr3.65 in 1995.

News that the Italian media magnate, Mr Silvio Berlusconi, had decided not to rescue the troubled television station, La Cinq, hit the market five minutes before the close. Hachette, which owns 25 per cent of La Cinq, dropped FFr3.40 or 2 per cent to FFr170.10, while TF1 added FFr8.40 to FFr393.30 on good volume of 88,441 shares on hopes that it will win advertising revenue from La Cinq.

FRANKFURT recovered from an early fall, and dealers detected cautious buying interest from domestic and foreign institutions. The DAX index fell to 1,703.56 in the first half-hour but support around 1,700 helped it to rebound to close just 4.34 down at 1,713.11. The FAZ index, calculated at mid-session, fell 4.19 to 694.94 in steady turnover of DM5.7bn.

BMW built on recent gains with a rise of DM9.10 to DM571. Reluctance to sell ahead of the dividend payments at the end of April kept chemicals steady, with Hoeshst up 70 pfg to DM255.40 and Bayer off 30 pfg at DM295.70.

Financials were neglected on news that M3 money supply grew by 8.5 per cent in February, well outside the Bundesbank's target and reducing the chance of an early cut in interest rates. Deutsche Bank fell DM3.50 to DM713.

Hoesch rose DM7 or 2.8 per cent to DM255.50 in speculative buying. News that Krupp, which has 51 per cent of Hoesch, has been changed into a joint stock company revived speculation that it would buy in the outstanding shares in Hoesch.

Asko added another DM15 to DM885 on rumours that its share price was being lifted ahead of a capital increase, which could take place earlier rather than later this year.

MILAN disappointed dealers who had expected a firmer market following Credito Italiano's better-than-expected 1991 results on Monday and widespread speculation that the Agnelli group would come out of the Perrier battle unscathed. After a promising start, a lack of buying interest pushed prices lower. Generali in particular, and open outcry trading finished earlier than usual. The Comit index fell 5.11 to 505.50 in turnover estimated at L60-80bn after L71.7bn.

Ifi, the holding company of the Agnelli group, rose L500 or 4 per cent to L12,870 but Fiat only rose L19 to L4,868. Generali fell L490 or 1.7 per cent to L28,990 but dealers said there were no reasons for the fall. Pirelli rose L17 to L1,282 on news that its capital increase was almost fully subscribed.

ZURICH recovered from a disappointing morning session when higher interest rates depressed sentiment, and the SMI index closed 5.9 higher at 1,824.1.

Nestlé bearers advanced SFr40 to SFr9,480 following the successful conclusion in its fight to win control of Perrier. But its registered shares slipped SFr60 to SFr9,330.

Strong foreign interest was noted in Brown Boveri and its bearers rose SFr80 to SFr3,870. George Fischer, which reported a 47 per cent fall in 1991 group profit on Monday, saw its bearers lose SFr27 to SFr993. However, its certificates gained SFr5 to SFr193 after the company announced plans to swap them for bearers.

AMSTERDAM saw the office supplies group Ahrend decline by more than 5 per cent or Fl 7 at Fl 130 after announcing a 40 per cent fall in 1991 net profit after the close of Monday. The CBS Tendency Index fell 0.1 to 124.9 in turnover of Fl 478m.

Hunter Douglas improved Fl 2.40 or 3.6 per cent to Fl 68.80 after analysts said that the outlook for the building materials group remains good.

STOCKHOLM featured Volvo, its B shares adding SKr3 to Skr415 on renewed speculation that it will merge with Renault of France. The Affärsvärlden General Index closed 0.2 lower at 1,001.4.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 24 1992								MONDAY MARCH 23 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	143.74	−0.1	123.90	121.48	124.35	125.57	−0.2	4.39	143.94	124.43	121.65	124.97	125.84	160.31	112.74	133.80
Austria (20)	169.82	−1.2	146.38	143.53	146.92	146.94	−1.3	1.96	171.92	148.63	145.30	149.27	148.91	222.37	153.88	194.49
Belgium (46)	137.21	−0.3	118.27	115.95	118.70	115.89	−0.4	5.14	137.58	118.94	116.27	119.45	116.38	151.20	118.04	138.63
Canada (115)	129.64	−0.1	111.74	109.55	112.14	111.89	−0.2	3.31	129.74	112.16	109.65	112.64	112.08	144.28	126.49	135.97
Denmark (36)	231.06	−0.7	199.17	195.28	199.89	203.17	−0.8	1.80	232.71	201.17	196.67	202.04	204.86	273.94	217.74	239.87
Finland (15)	77.12	−2.4	66.47	65.18	66.72	73.39	−2.7	1.99	79.04	68.33	66.80	68.62	75.43	125.15	73.32	118.59
France (108)	149.19	+0.8	128.60	126.08	129.05	132.05	+0.4	3.40	148.06	128.00	125.13	128.54	131.52	156.43	119.11	135.99
Germany (65)	116.17	−0.2	100.14	98.20	100.50	100.50	−0.5	2.28	116.37	100.60	98.36	101.03	101.03	125.35	94.15	105.56
Hong Kong (55)	210.17	−0.1	181.16	177.62	181.83	208.82	−0.2	3.75	210.46	181.94	177.87	182.73	209.22	210.88	119.62	150.27
Ireland (16)	157.41	+0.3	135.68	133.03	136.18	138.62	+0.3	3.68	156.87	135.61	132.57	136.19	138.19	182.46	132.88	160.88
Italy (77)	70.19	−0.7	60.50	59.32	60.72	65.58	−1.0	3.54	70.67	61.09	59.72	61.35	66.21	88.23	64.76	77.60
Japan (473)	106.63	−0.4	91.92	90.12	92.26	90.12	−0.4	0.94	107.11	92.59	90.52	93.00	90.52	146.97	104.90	138.37
Malaysia (68)	246.22	+0.1	212.24	208.08	213.00	243.95	+0.1	2.59	245.97	212.63	207.87	213.55	243.74	250.18	189.18	236.19
Mexico (18)	1754.41	+3.2	1512.25	1482.72	1517.76	5887.85	+3.1	0.96	1700.74	1470.26	1437.36	1476.63	5712.38	1789.77	534.45	768.49
Netherland (31)	149.05	+0.3	128.48	125.97	128.95	127.45	−0.1	4.34	148.63	128.49	125.61	129.05	127.53	156.48	125.70	137.29
New Zealand (14)	44.86	−0.1	38.67	37.91	38.81	43.46	+0.2	6.32	44.91	38.83	37.96	39.00	43.38	54.64	41.18	44.54
Norway (24)	170.62	−0.6	147.07	144.20	147.61	151.34	−0.7	1.69	171.57	148.32	145.00	148.96	152.38	223.24	157.08	193.87
Singapore (38)	207.34	+1.3	178.72	175.24	179.37	158.14	+0.6	2.18	204.61	176.88	172.92	177.64	157.23	228.43	151.63	193.58
South Africa (61)	227.21	−0.8	195.85	192.02	196.56	177.69	+0.7	2.83	228.94	197.91	193.48	198.76	176.52	271.99	173.00	198.35
Spain (51)	150.50	−0.1	129.72	127.19	130.19	119.88	−0.2	5.01	150.67	130.25	127.34	130.82	120.08	171.12	131.51	160.64
Sweden (25)	186.99	+0.6	161.18	158.04	161.77	167.13	+0.4	2.79	185.82	160.64	157.05	161.34	166.43	204.12	146.60	184.86
Switzerland (59)	97.85	+0.4	84.35	82.70	84.66	91.85	+0.1	2.21	97.45	84.25	82.37	84.62	91.74	104.22	82.17	92.16
United Kingdom (233)	168.94	+1.0	145.62	142.76	146.13	145.62	+0.7	5.12	167.32	144.64	141.39	145.26	144.64	187.44	156.27	172.54
USA (523)	167.09	−0.3	144.02	141.22	144.55	167.09	−0.3	2.93	167.51	144.81	141.58	145.45	167.51	171.66	125.95	152.51
Europe (808)	139.94	+0.5	120.63	118.27	121.07	121.56	+0.2	4.01	139.31	120.43	117.74	120.96	121.36	151.52	125.50	137.99
Nordic (100)	173.35	−0.2	149.42	146.50	149.97	148.30	−0.3	2.22	173.64	150.11	146.75	150.76	148.79	200.81	155.55	180.27
Pacific Basin (717)	111.39	−0.4	96.02	94.14	96.37	94.64	−0.4	1.32	111.82	96.66	94.50	97.08	95.02	145.92	109.69	138.21
Euro-Pacific (1525)	123.05	+0.0	106.07	103.99	106.45	105.99	−0.1	2.54	123.06	106.38	103.99	106.84	106.14	147.66	121.26	138.46
North America (638)	164.72	−0.2	141.99	139.23	142.53	163.33	−0.3	2.95	165.13	142.75	139.57	143.40	163.74	169.89	125.91	151.41
Europe Ex. UK (575)	121.93	+0.1	105.10	103.07	105.51	107.36	−0.2	3.23	121.81	105.30	102.97	105.78	107.56	129.80	103.58	117.11
Pacific Ex. Japan (244)	158.33	+0.0	136.48	133.83	136.99	140.94	−0.1	3.82	158.32	136.86	133.82	137.47	141.07	158.33	111.40	135.41
World Ex. US (1719)	125.50	+0.0	108.18	106.08	108.58	108.33	−0.1	2.55	125.49	108.48	106.06	108.96	108.43	148.16	122.32	139.34
World Ex. UK (2009)	135.68	−0.2	116.96	114.68	117.39	124.49	−0.3	2.43	135.98	117.55	114.93	118.07	124.80	150.58	120.06	139.63
World Ex. So. Af. (2181)	138.01	−0.1	118.96	116.65	119.41	126.03	−0.2	2.70	138.13	119.41	116.75	119.94	126.24	153.05	122.92	142.39
World Ex. Japan (1769)	156.73	+0.0	135.09	132.47	135.61	147.35	−0.1	3.33	156.68	135.45	132.43	136.06	147.43	161.90	126.69	146.41
The World Index (2242)	138.58	−0.1	119.46	117.13	119.90	126.50	−0.2	2.71	138.72	119.92	117.24	120.45	126.70	153.70	123.28	142.73